

CALIFORNIA CENTER FOR
JOBS & THE ECONOMY



Jobs, Poverty & Upward Mobility

A Closer Look A California's Working Poor

*Supported by a Grant from
The James Irvine Foundation*



Executive Summary

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The James Irvine Foundation*

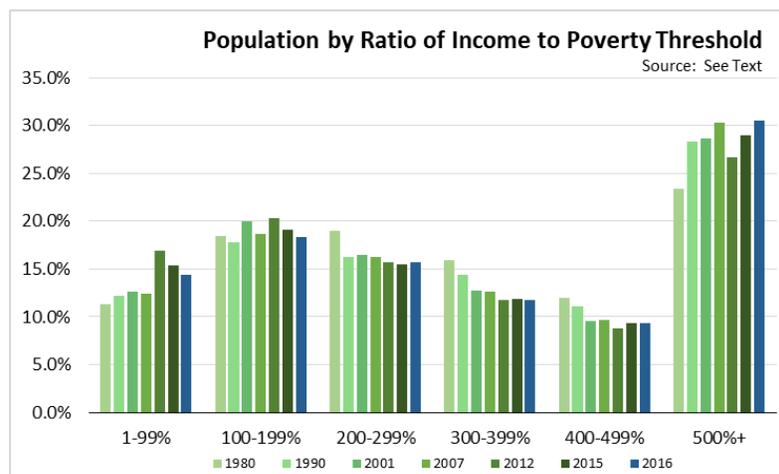


Introduction

There can be no debate that California is becoming an economically stratified state. As the economy has shifted away from traditional middle-class employment to a two-tiered pattern of jobs created primarily at the higher and lower wage levels, middle income has become increasingly a gap separating the extremes rather than the path for generational economic progress. And while lower- and moderate-income Californians have a high awareness of the different avenues available for upward mobility, the crippling rise in living costs has increased their concern over the consequences from making the wrong choice.

THE GROWING COSTS OF LIVING—ESPECIALLY FOR HOUSING—ARE SWAMPING ANY PROGRESS MANY LOWER INCOME CALIFORNIANS ARE NOW ABLE TO MAKE IN MOVING AHEAD ECONOMICALLY . . . THEY HAVE COME TO VIEW THEIR SITUATION AS OVERWHELMING, WITH COSTS ESCALATING BEYOND THEIR ABILITY TO KEEP UP.

Many of the income assistance, job training, child care and related programs under California’s safety net are increasingly being designed and implemented as income support to moderate the effects of poverty, rather than combating the underlying causes. These programs are now designed to make poverty more tolerable but are moving away from the fundamental focus of developing the personal resources and creating opportunities for upward mobility for the working poor and those living in poverty. Take, for example, the state’s efforts to address the out-of-control housing crisis that remains one of the most significant barriers to wealth accumulation and upward mobility. In 2017, the Legislature’s limited housing reforms focused on marginal changes, not the growing barriers faced by low- and middle-income households. As with many attempts to address poverty, instead of a comprehensive solution, what passed was a typical solution that tinkered at the edges.



The hollowing out of the middle class has diminished space and opportunities on the upward mobility rungs for both middle- and lower-income aspirations. Combined, the middle three income groups (200-499% of poverty income) went from 46.9% of the population in 1980 to 36.8% in 2016. Movement out of the middle incomes, however, has been in both directions: the lowest two income groups grew from 29.7% in 1980 to 32.7% in 2016; the highest level—500% and more of poverty income—grew from 23.4% in 1980 to 30.5% in 2016.

For more than a year, the California Business Roundtable and its partner organization the Center for Jobs and the Economy, supported by a grant from the James Irvine Foundation, embarked on a comprehensive and unique study to identify key barriers to upward mobility for the state's working poor. This study, unlike many that seek to understand the needs of the working poor, includes quantitative and qualitative data from a series of focus groups and a statewide survey of the working poor from various regions and ethnicities, which is then placed against current state policies and practices. This approach allowed the research to focus on the barriers identified by the working poor themselves. What's more, the research also included a statewide survey of business leaders, who are also an important part of the solution. Employers are job creators; without a strong workforce pipeline, lower-income workers will not have access to the economic rungs that can help them move out of poverty and lower incomes and into the middle class.

Working with a diverse coalition of stakeholders, including high-profile civil rights leaders, economists, and those who have dedicated their careers to helping bring more Californians out of poverty, the Business Roundtable, in collaboration with this coalition, has developed a set of policy recommendations to removing barriers and creating opportunities for upward mobility.

In conducting this project, many of the issues are necessarily associated with the social safety net and efforts to reduce poverty. The focus of the overall research project, however, is not on poverty in California but rather the broader challenges, barriers, and effectiveness of existing efforts public and private to facilitate upward economic mobility in the state, in particular paths to pursue higher income employment. Moving Californians out of poverty is only a first step. The goal must be to continue their upward opportunities and remove the barriers now creating a two-tier economy and social structure in our state.

Hearing From The Working Poor

In determining the most effective and comprehensive approach to analyzing the status quo, this report took a different approach, including outreach to hear directly from the working poor and those who have made the transition from poverty to determine what works, what perceived barriers exist and to gauge reaction to potential policy solutions.

“YOU’RE PENALIZED FOR MAKING MONEY. A LOT OF THESE PROGRAMS, WHEN YOU FINALLY START TO GET ON YOUR FEET, THEY TELL YOU, ‘YOU DON’T NEED THIS ANYMORE;’ THEY PULL IT FROM UNDER YOU AND EXPECT YOU TO KEEP GOING. AND YOU’RE BACK ON THE PROGRAM IN SIX MONTHS.”

—FRESNO MULTICULTURAL PARTICIPANT

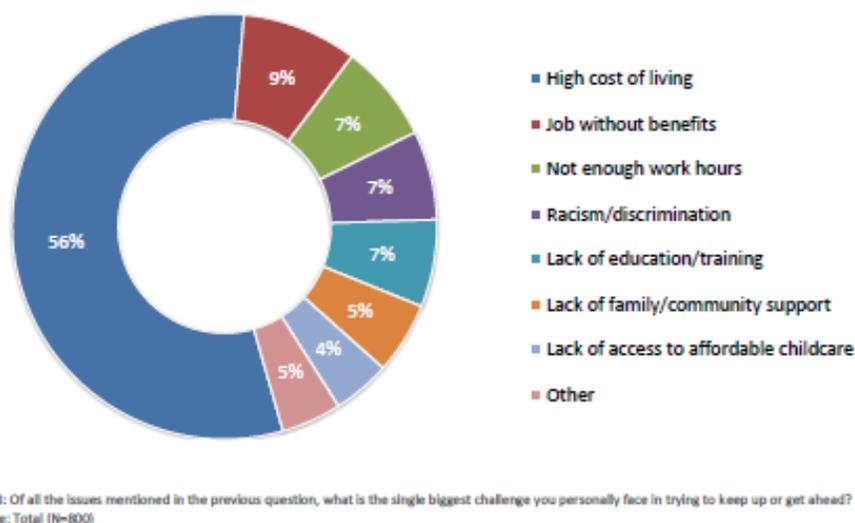
Qualitative Research. In order to establish a baseline analysis and provide a foundation for future research, the Business Roundtable and its partners conducted eight focus groups, two each in Oakland, Fresno, Los Angeles and San Diego. Participants included a mix of those living at 100-300 percent above the poverty level as well as those currently unemployed. Groups included a mix of

men and women, ages 25-45, with one group in each market focused on multicultural participants. One focus group was conducted entirely in Spanish.

These sessions explored: (1) what barriers those in poverty and the working poor in California perceive as their greatest obstacles to upward mobility; (2) what these populations need in order to overcome those obstacles; and (3) measurable, objective and widely accepted concepts that can lead to viable public policy options to address the issues affecting poverty, jobs and upward mobility in California.

Beyond these eight focus groups, another was held with single mothers formerly clients of St. John’s Women and Children’s Shelter in Sacramento. This group was drawn from program graduates from 2008 to 2016, all who are currently working.

Quantitative Research. With the foundation created by the focus groups, a statewide digital (online or mobile) survey of more than 900 respondents was conducted, with an oversample of African American and Asian respondents, for data analysis purposes. Respondents were either the working poor or those living in poverty. Consistent with the earlier qualitative research, survey respondents indicated the high cost of living is the single greatest economic challenge facing working Californians.



This phase of research not only reinforced what was stated in the focus groups but also gave researchers the opportunity to test concepts that might address the barriers to upward mobility identified by both the focus groups and survey respondents and gauge what might best help lower income Californians move up the economic ladder.

Hearing From Job Creators

Surveying the working poor and those living in poverty only addresses half of the poverty equation. The California business community has a vested interest in working toward solutions. Employers provide the training, jobs, wages and benefits identified by research participants as important tools

in upward economic mobility. In order to determine how employers feel about both barriers and solutions to upward mobility, more than 500 California employers were surveyed.

Which of the following statements are true or false as it pertains to your company over the past year?
(true; excludes does not apply)



Employers recognize that costs are going up for employees even though wages and benefits are increasing. These cost drivers significantly affect the workplace. For example, because the high cost of housing has forced many to live farther from their work, many employers see their employee commute times increasing.

The business community both recognizes its role and wants to be part of the solutions. Nearly 70 percent of employers said businesses should play a larger role in meeting community needs.

Policy Recommendations

Convening Stakeholders. After hearing from the working poor, those living in poverty and employers, a broad-based coalition of social justice, poverty and business advocates came together to analyze existing programs and barriers in order to create a set of policy recommendations. The foundations of these recommendations came from the focus groups and statewide surveys, which were fully developed based on advice from these key stakeholders during a series of discussions:

Stakeholder Roundtable Group

- Nathan Ahle, Fresno Chamber of Commerce
- Robert Apodaca, Greenlining Institute
- Herman Gallegos, Civil Rights Advocate
- John Gamboa, California Community Builders
- Paul Granillo, Inland Empire Economic Partnership
- Nicholas Ortiz, Bakersfield Chamber of Commerce
- Dave Puglia, Western Growers Association
- Nolan V. Rollins, Los Angeles Urban League (formerly)
- Dorothy Rothrock, California Manufacturers & Technology Association
- Jessie Ryan, The Campaign for College Opportunity
- Shawn Lewis, National Federation of Independent Businesses, California
- Michele Steeb, Saint John's Program for Real Change
- Gary Toeppen, Los Angeles Chamber of Commerce
- Ronald Vera, Vera & Barbosa

Research Advisory Group

- Andrew Chang, Andrew Chang & Company LLC
- David A. Flaks, Los Angeles County Economic Development Corporation
- Michael Shires, Ph.D., Pepperdine University

HOUSING

California's ongoing housing crisis is at the foundation of the state's poverty crisis. The overwhelming scale of the housing shortfall not only denies the working poor access to housing they can afford, this crisis has affected nearly all income groups.

THERE IS NO POSSIBLE PROGRESS THAT CAN BE MADE ON ECONOMIC MOBILITY WITHOUT INCREASING THE SUPPLY OF HOUSING AND REDUCING THE COST OF HOUSING IN THE STATE.

A housing solution cannot solely focus on increasing affordable housing options; housing costs will still be a barrier as families attempt to move from affordable housing to market-rate, moderate-income housing. This will create a bottleneck in affordable housing and stagnate upward mobility for the working poor attempting to move to the middle class.

Homebuyers' assistance, including providing greater down payment assistance for first-time homebuyers, was identified by 70 percent survey respondents as the most helpful in removing barriers to upward mobility. Additional housing programs, such as building affordable housing (66 percent) and expanding programs to deal with homelessness (66 percent) also ranked high among respondents. Among businesses that believe the cost of living in California has increased for their employees, 62 percent cite housing as the greatest contributor.

KEY POLICY RECOMMENDATIONS

1. Increase the housing supply to improve housing affordability. The study identifies key regulations and policies that have contributed to the state's inability to build new affordable and market-rate housing and recommends solutions to overcome those obstacles.
2. Rebuild lower-income home ownership as a pathway to wealth accumulation. This particularly means that the state and policymakers must stop looking at lower-income Californians as just renters. Homeownership is one of the most important pathways to upward mobility and, if policies remain focused only on construction of affordable rental units, lower income groups will continue to be shut out from accessing this important tool. The study includes a variety of recommendations to bring down the cost of entering the housing market, including creating 50-year mortgages for affordable units.
3. Expand cost-of-living considerations in future state actions to improve the lives of working Californians. State laws and regulations have had a profound impact on the cost of living and now serve as a primary barrier to upward mobility. The study recommends a series of solutions that will encourage the state to take these costs into account when creating new laws and regulations.

PUBLIC ASSISTANCE

Study participants had many concerns about the state's existing public assistance programs, including the uncertainty of assistance and the time-consuming bureaucratic maneuvering required to receive certain benefits. Additionally, the rapid loss of benefits as families transition and move up the economic ladder creates great uncertainty, especially for the working poor, who are particularly risk averse as the consequences can be much more dire if they do not succeed. Barriers from accessibility, eligibility, and caseload capacity mean in practice these programs are too little, too intermittent, and not directed on the primary barriers lower income Californians face.

KEY POLICY RECOMMENDATIONS

1. Restructure the state's existing programs into an Expanded State EITC by reallocating resources to the extent practical and using them to expand the current federal EITC by another two to four times using current federal, state and local sources. This approach would eliminate excessive administrative and transactions costs from the extensive bureaucratic oversight in current programs.
2. As is done in other states, the state EITC should be restructured as a percentage add-on to the federal EITC to simplify calculations and make it easier for beneficiaries to make their budget plans accordingly.
3. The significant administrative cost savings that can be achieved through this restructuring should be redirected into the education recommendations contained in this report.

EDUCATION

California's economy is changing, but the state's public education system has failed to change with it and is now failing in its fundamental function—preparing students with the skills required for the current and future workforce. This skills gap is significantly larger for Latinos, African-Americans and low-income students. The state must also significantly reshape public education from K-12 to K-14 to better develop skills for future workforce demands—not just add two years of free college but integrate the Community College system with the K-12 system in a way to ensure all students are being prepared for the future workforce.

KEY POLICY RECOMMENDATIONS

1. Provide universal community college for students enrolled in a certificate program or an AA/AS for Transfer program. This is not simply to expand free college, but rather to extend existing K-12 core to equip students with the higher level of skills required in the state's 21st Century economy.
2. Allow dual enrollment for students beginning their junior year. Funding for career technical education, which provides an alternative pathway to higher-wage jobs, still remains well below previous levels. Dual enrollment would immediately provide students currently within the K-12 schools with greater options as well as contribute to degree completion rates by giving students options beyond those that now exist only through Advanced Placement courses.
3. Expand the creation of online community colleges as a tool for working Californians to acquire needed workforce skills. Governor Jerry Brown's 2018-2019 budget included the creation of the state's first online community college. This approach is fully consistent with

the skills training needs and means to overcome some of the barriers to those skills identified in this report but needs to be a conduit for a broad range of programs rather than just a supplement to on-campus offerings.

ENTERING THE WORKFORCE

California does have an active apprenticeship program for the building trades, along with smaller scale efforts in areas such as automotive, barbers, information technology, health services and hospitality. In the most recent report, California in 2019 had 74,000 active apprentices and 9,000 total completions.

KEY POLICY RECOMMENDATIONS

1. Convene a working group of state business associations, including those in Silicon Valley, to identify occupations amenable to apprenticeships and develop recommendations for changes to state law required to produce a broader effort tied more closely to the state's education systems.
2. As a second step, broaden this group to include Community Colleges and other interests such as labor, education and community groups to develop specific programs.
3. Incorporate apprenticeships into the Community College certificate program.

IN THE WORKFORCE

Occupational licensing has become an increasing barrier to entry—especially for occupations paying at levels sufficient to carry households beyond poverty—both from the cost of licenses and increasing requirements to qualify.

KEY POLICY RECOMMENDATIONS

1. Building upon previous efforts in this arena, convene an outside commission or joint committee to expedite elimination of the morass of bureaucracy currently within occupational licensing and refocus on essential functions like protection of public health and safety.
2. Set costs of licensing at an appropriate level to promote entrepreneurship for lower-income Californians.
3. Replace current licensing boards and agencies with a Community College certificate for any remaining licensing for occupations below a BA level.

Obtaining benefits through their employment was one of the highest ranked tools desired by lower income workers to cope with the rising costs they face. As an employment option, providing these benefits through a transportable package is a means to ensure this coverage between jobs, reduce potential disruption between vesting periods, and tailor the benefits to the circumstances of each household.

KEY POLICY RECOMMENDATIONS

1. Develop a menu of Transportable Benefit Accounts, which at a minimum should include healthcare, retirement, childcare and education.

How This Report Is Structured

“Jobs, Poverty and Upward Mobility” is a comprehensive report divided into three parts. Part I includes the overall policy recommendations formulated by stakeholders. Part II is an in-depth analysis of California’s existing public assistance programs and the impact they have on economic mobility. Part III is the Data Report, delves into the demographic data of those living in poverty and the working poor, the changing job and economic structure causing the two-tiered economy, employment data and cost-of-living data. Parts IV and V are the quantitative and qualitative research, used in conjunction with the analyses in Part II and Part III, from which the policy recommendations in Part I were derived.



Policy Recommendations

Jobs, Poverty & Upward Mobility

Prepared Through A Grant from The James Irvine Foundation



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Summary Recommendations

Core Issues

Middle income groups have steadily lost ground as the California economy has shifted away from traditional middle class income employment, and increasingly to a two-tiered pattern of jobs creation primarily at the higher and lower wage levels. While growth into the higher income levels has positive attributes, the hollowing out of the middle has diminished space and opportunities on the upward mobility rungs for both middle and lower income aspirations. With fewer supporting job opportunities being created at the necessary wage and income levels, the middle income tranche has become increasingly a gap separating the extremes rather than the path for generational economic progress.

The growing costs of living—especially for housing—are swamping any progress many lower income Californians are now able to make in moving ahead economically. The primary government response in recent years to this situation has been to increase transfer payments and mandate wage levels in an attempt to ameliorate the effects of these cost impacts, rather than serious reforms tackling their underlying causes. Lower income Californians, however, have come to view their situation as overwhelming, with costs escalating beyond their ability to keep up.

The extent of these costs and the potentially severe—if not disastrous in the case of homelessness—consequences of making the wrong choice on education, training, or a job change has made many lower income Californians risk averse. While there is a high awareness of the different avenues for upward mobility, the consequences of making the wrong decision now make them hesitant to pursue these options.

The overwhelming response in both the focus groups and survey indicates lower income Californians continue to show a strong work ethic in spite of the challenges they face. They are looking for actions to deal with the ever-rising living costs that are sapping the purchasing power of what they earn, and options that enable them to improve their skills and employability but that also accommodate the other demands on their time due to commuting, multiple jobs, and family responsibilities. This commitment extends to hopes for their children as well. These families are committed to building generational wealth—both financial and educational—and retain a strong belief that their children will do better than they.

In this respect, both the focus groups and survey group showed widespread rejection of universal income as policy option that can address their situation. Reaction to minimum wage increases was more mixed. While many noted they benefited personally from higher minimum wage, there was also a strong perception that it has and will continue to increase the living costs they face.

In a trend that began in the 1990s but that has accelerated through the recent recovery period, California has evolved into a two-tier economy, producing higher wage and middle class wage jobs primarily in the Bay Area and a dominance of low wage jobs and jobs dependent on public spending in much of the rest of the state.

While jobs continue to expand in the state, there is a growing disconnect with the available labor supply as living costs have eroded labor mobility. Reliance on established family/friend networks to cope with rising costs, escalating housing costs, and increasing commute times produce higher costs for food, child care, and commute expenses as workers must travel further for jobs at their skill levels. This trend in turn has eroded the time available for workers to pursue upward mobility strategies such as training and additional education.

Discrimination in the workplace is still cited by a significant share of these income levels as a barrier to upward mobility. Many of the cost barriers identified through the project research likely contribute to this situation, in particular the lack of housing that now makes access to upwardly mobile job opportunities more costly or absent altogether. The functioning of the state's overly complex housing approval process—including CEQA, entitlements, and development permit process—has thereby produced disparate impacts on low income Californians and disparate barriers to the demographic groups with a higher presence in these income levels. Opportunities to move beyond these levels are also limited by disparate impacts that result from the current focus of the K-12 schools on college-track preparation combined with their persistent failure to close the performance gap between demographic groups, along with the continuing cost burden of college in particular when high housing costs are taken into account.

As currently structured, the multiple public assistance programs are not effective as a means to promote upward economic mobility. Barriers from accessibility, eligibility, and caseload capacity means in practice they are too little, too intermittent, and not directed on the primary barriers lower income Californians face.

Recommendations

1. Increase Housing Supply

There is no possible progress that can be made on economic mobility without increasing the supply and thereby reducing the cost of housing in the state. The scale of the current shortfall is prohibitive to using traditional affordable housing tools. The extent of the cost barriers—running across multiple income groups—requires that supply be expanded at multiple price points, not only to deal with the current affordability crisis but to prevent housing costs from being the barrier they are now as households attempt to move from affordable to market rate moderate income housing.

- Reduce the cost of constructing new homes by enacting Governor Brown's original By-Right housing proposal but with modifications in line with the Legislative Analysts' proposals.
- For all housing proposals consistent with a local general plan, enact a moratorium on requirements for CEQA until the state has built housing sufficient to reduce the supply shortage and continues to keep up with population growth.
- Reform CEQA to ensure adequate housing supply in the future.
- Reduce construction costs by reducing other regulatory requirements, costs, and fees.

- Expand the available construction labor pool by: (1) targeting current state jobs training funds to a statewide Construction Skills Initiative and (2) increasing the use of construction apprentices.
- Rebuild local housing finance sources by: (1) authorize a new form of redevelopment agency limited to housing and mixed use applications and associated infrastructure and (2) the next Governor should convene a task force to identify efficiencies through streamlining the state's 3,000+ special district services, where appropriate, through existing city and country structures in order to redirect some portion of existing property tax revenues to affordable housing.

2. Rebuild Lower Income Home Ownership

The focus of the limited housing reforms adopted to date by the state is on affordable rental units, viewing lower income Californians as only renters and depriving them of the opportunities for asset acquisition—an essential component to reducing income inequality and building long-term wealth—and through the sharing economy, opportunities for income supplements.

- Require a percentage of affordable housing using public financing to be for sale and enact deed restriction options that retain these units in the affordable pool while providing financial relief to facilitate the transition from affordable to market rate housing.
- Create a Housing IRA that will enable lower income Californians to save for a down-payment in tax preferred accounts.
- Reduce monthly costs of home ownership through 50-year mortgages for affordable units and through measures to reduce development and construction costs, consistent with the elements in Recommendation 1, to reduce the cost of affordable housing units due to state and local design and cost mandates.

3. Expand Cost of Living Considerations in Future State Actions

State laws and regulations have had a profound impact on the costs of living that now serve as the primary barriers to upward mobility. State actions continue to be drivers of many of the high costs faced by lower income Californians. The current process should be adjusted to at least consider how future such actions can incorporate these concerns.

- Institute a Cost of Living Committee in the Senate and the Assembly to consider potential impacts on household budgets of proposed legislation, comparable to the Appropriations Committees that consider potential impacts on the state's budget.
- Authorize these committees to hold oversight hearings on proposed regulations with potentially significant impacts—based on information contained in the Regulatory Impact Assessments prepared under SB 617.

4. Reduce and Standardize Occupational Licensing

Occupational licensing has become an increasing barrier to entry—especially for occupations paying at levels sufficient to carry households beyond poverty—both from the cost of licenses and increasing requirements to qualify. The current system—administered by a bewildering array of commissions and agencies—imposes large costs in time, money, and bureaucratic process on those least able to afford the challenge, but who also stand to benefit the most from higher income, greater control over their time and working conditions, and the growth opportunities that can come from state’s long tradition of entrepreneurship.

- Building on the work already done by the Little Hoover Commission and the sunset reviews conducted to date by the Assembly Committee on Business & Professions and Senate Committee on Business, Professions & Economic Development, convene an outside commission or joint committee process to eliminate those provisions not essential to protection of public health and safety and set licensing costs at levels appropriate to promote entrepreneurship attainable by lower income Californians. Any legislation should include pre-emption of separate local licensing requirements in order to ensure maximum labor mobility within the state.
- Replace current licensing boards and agencies with a community college certificate for any remaining licensing for occupations below the BA level.
- Enter into an Inter-state Agreement for Portability of Licenses.

5. Create Transportable Employment Benefits Package

Obtaining benefits through their employment was one of the highest ranked tools desired by lower income workers as a means to cope with the rising costs they face. As an employment option, providing these benefits through a transportable package is a means to ensure this coverage between jobs, reduce potential disruption between vesting periods, and tailor the benefits to the circumstances of each household.

- Develop a Menu of Transportable Benefit Accounts which at minimum should include healthcare, retirement, childcare, and education. These should build off existing programs (e.g., health savings accounts, flexible spending accounts, 401(k), IRAs, 529 plans), but with modifications to ensure their applicability to lower income Californians, including provisions to retain an appropriate level of eligibility for the assistance programs.

6. Restructure Current Public Assistance Programs into an Expanded State EITC

Several concerns with the existing public assistance program structure were raised by the research participants during the course of this project’s research work, namely: (1) assistance should be more certain and should not divert their already limited time for having to maneuver through the bureaucracies; (2) assistance should be tied to work—lower income Californians participating in the research expressed a strong work ethic and want their children to embrace this as well; (3) assistance should provide the resources households need to address their individual circumstances, and not the programs the agencies decide is best for them; and (4) assistance should be a bridge that enables

lower income Californians to work through the transition as they move up in income, particularly as they reach the point where assistance is dropped and they are left to cope with the state's high costs on their own.

- Restructure Existing Assistance Programs into an Expanded State EITC by reallocating resources to the extent practical and using them to expand the current federal EITC by another 2-4 times using current funding from federal, state, and local sources. The expanded state EITC would then be applied as a refundable credit applied to state income taxes (including fully refundable in cases where there is no state tax liability). This approach would eliminate the current bureaucratic oversight under the current programs, including those to ensure compliance with work requirements which are replaced by the current state and federal rules that tie EITC to earned income. A portion of the programs identified in the research will likely need to remain outside this consolidation, in particular ones targeted more for the disabled, seniors, foster youth, and others.
- As is done in other states, the state EITC should be restructured as a percentage add-on to the federal EITC in order to simplify calculation and make it easier for the intended beneficiaries to make their budget plans accordingly.
- Federal funds otherwise available for the targeted programs should be consolidated into a single block grant and combined with existing state and local funding to support the additional State EITC.
- All or a significant portion of the administrative cost savings should be redirected to fund the education recommendations contained in the next section. To further reduce the need for federal oversight, any maintenance of effort requirements should be simplified and made more transparent, and made enforceable by third party lawsuits. All or at least a portion of the resulting savings in federal administrative costs from this and the overall block grant approach should be reallocated to the state purposes.
- Provisions should be incorporated to provide the state EITC on a periodic basis over the year, based on some percentage of estimated taxes, comparable to the procedures now used for the Covered California health insurance subsidies.
- Additional communication efforts would be required to make this approach more successful, along with creation of a simple electronic filing application accessible through the Franchise Tax Board web site.
- To be effective in restoring economic mobility, this concept as proposed needs to be done in concert with the other recommendations in this report. Without serious reforms to reduce the costs of living, the potential benefits from this approach simply erode over time much as the existing benefits have been doing. Without the job and education components, this approach may ready households to move up economically, but with fewer opportunities to do so.

7. Reshape Public Education from K-12 to K-14

Regardless of the net effect on the number of jobs, the current technology is likely to require an increasing level of skills for many occupations, especially for those paying higher than minimum wage. The public schools now fail to instill these skills across many demographics. The Community Colleges are an existing resource that can be used to ensure broader dispersion and produce broader educational opportunities for all students commensurate with the evolving 21st Century economy.

- For students not otherwise going directly to a 4-year college or university, provide universal Community College for students enrolled in a certificate program or an AA/AS for Transfer program.
- Given that most students currently attend community college tuition-free or through financial assistance, total expansion costs are difficult to estimate. However, additional potential funding sources for this and the related components below would include: (1) redirection of administrative costs related to the programs transformed into a broader state EITC and (2) through reform of local agency services, transfer a portion of the \$22.5 billion in property taxes currently allocated to special districts to the community college districts.
- The overall costs and effectiveness of this system is also dependent on improving completion rates, facilitating the transfer process, and reducing the current situation where Community College students take substantially more than two years to complete their transfer requirements, but then take 6.4 years to finish a BA degree at UC and 7 years at a CSU.

It is important to recognize, however, that reshaping public education to K-14 is a response to the increasing technical demands likely to be faced in many if not most future occupations. Simply adding two years, however, is not a substitute for continuing efforts at the K-12 levels to reintroduce career technical education early both as a component of teaching life skills now absent in the public schools and as an early introduction to a broader range of career paths leading to higher life-time earnings. Simply adding two years also is not a replacement for the continuing need to improve public school outcomes overall including equal access to the A-G offerings, especially for the demographics—including Latinos, Blacks, and low income students—not being fully served by the current system.

8. Allow Dual Enrollment for Students Beginning in Their Junior Year

While some funding has been added in recent years for career technical education (CTE)—in particular funds from the various training and assistance programs described in the project’s report—the funding still remains well below levels previously provided through the schools to provide alternative paths leading to higher paying jobs. More critically, they remain well below the levels required to provide viable alternatives—including paths that eventually lead to a 4-year degree—for the major demographic components not being prepared for the 4-year institutions and those who otherwise drop out because the schools do not provide them with these options. To complement these existing efforts, dual enrollment provides a pathway to increase the CTE options substantially within a short time frame that can immediately provide options to students currently

within the K-12 schools. Dual enrollment would also contribute to degree completion rates by giving students options beyond those that now exist only through AP courses.

- For students choosing this education option, require that they continue to complete the core requirements in their first two years of high school, but provide for dual enrollment in CTE classes at the local community college beginning their junior year. These courses should be in a certificate program, leading into further skills development following graduation or into an AA/AS Transferable degree program.
- Propose a bond—including consideration of a multi-year bond package—to finance the required capital additions at the community colleges. Ongoing funding would be from the current LCFF apportionments attributable to the students choosing this option, distributed between the school district and community college based on classes taken.

9. Expand Online Learning

Governor Brown's Proposed Budget for 2018-19 calls for creation of a California Online College, to provide an alternative skills development option for those who lack the time or, often due to related high housing costs, the ability to enroll in traditional classes. This proposal is fully consistent with the skills training needs and a means to overcome some of the skills training barriers identified in the project's research. Expanded to incorporate considerations under Recommendations 7, 8, and 10, this proposal also can be an efficient means to help accomplish these recommendations at lower overall cost while also accelerating degree completion rates.

10. Expand Apprenticeships

California does have an active apprentice program for the building trades, along with others in areas such as automotive, barbers, information technology, health services, and hospitality. Many of these, however, are local efforts and do not provide the scale of opportunities needed to deal with the potential requirements as measured by such factors as the drop in youth employment, drop-outs, and high school graduates who do not go on to college. Expansion potential is also limited by the fact that current programs have been developed on an individual basis, rather than a structure that applies universally and can be applied to a broader range of occupations and population. In the most recent report, California in 2016 had 74,000 active apprentices, and 9,000 total completions. The potential applications, however, are much broader including gateway occupations into the state's higher wage industries.

- Convene working group of state business associations, including those in Silicon Valley, to identify occupations amenable to apprenticeships and develop recommendations for changes to state law required to produce a broader effort tied more closely to the state's educational systems. This step should be expansive and look at a broader range of occupations beyond those traditionally covered by apprenticeships, as a means to broaden the in-state training options to match with areas of looming skill shortages and to expand the opportunities, especially for the student populations with currently unacceptable educational outcomes, to augment existing education and training programs with applied experience. In the second stage, broaden the group to include community colleges and other interests to develop specific programs.

- Incorporate apprenticeship opportunities/requirements into the certificate programs under Recommendations 7 and 8 to build experience and reduce dropout rates.
- As applicable, incorporate apprenticeship periods as alternative to satisfy any experience requirements for licensing as discussed under Recommendation 4.

Project Overview

Project Scope & Purpose

Under a grant from The James Irvine Foundation, California Business Roundtable (CBRT) convened a collaborative process among a broad range of stakeholder groups to address the issues affecting poverty, jobs, and upward mobility in California. This multi-pronged effort incorporates the following objectives:

- To ensure both worker and employer voices are heard, understood, and addressed, conduct quantitative non-partisan research program that will study the needs, anxieties, perceptions, and goals pertaining to the workforce and quality of life issues in California.
- To develop a common dataset among all stakeholders that can eliminate the debate on the source and quality of information and allow the stakeholders to focus on solutions.
- To utilize a stakeholder process to examine the various local and state-level initiatives currently in place.
- To develop viable policy solutions to address challenges impacting poverty, jobs, and upward mobility in California.
- To conduct an educational outreach campaign based on a well thought out statewide strategy and stakeholder involvement to move forward actionable and viable policy options.

This document contains the recommendations for proposed policy changes to address the challenges—identified in the other components of the overall project—affecting poverty, jobs, and upward mobility in California. These recommendations in turn will form the basis for the final component above.

The overall approach contained within the recommendations is to provide more effective delivery systems for the resources the research participants identified as critical to upward mobility. Rather than the current system of multiple bureaucracies trying to guide Californians out of poverty, the focus is on targeting the key barriers, and enabling Californians with the resources to make the decisions that best reflect their circumstances and those of their families.

To be effective, however, disintermediation of the current bureaucratic structures must come through greater engagement at the local level, both from businesses and from Californians seeking to escape from the growing economic divide in the state's two-tier structure. Both can contribute to the identification of problems and the development of new perspectives on those problems, provide advice on the proposed changes to the state and local programs, keep government officials on their toes, and serve as a vital communications link and outreach to intended beneficiaries. The educational outreach component will be structured to incorporate these considerations.

Project Research Components

Research conducted in support of these recommendations is contained in the following project reports:

1. **Barriers to Economic Development, Qualitative Research Summary Report**

Vision Strategy and Insights, July 2017

Contains the results from a series of focus groups held in Oakland, Fresno, Los Angeles, and San Diego. Two sessions with low income, below poverty, and unemployed Californians were conducted in each market: multicultural and less acculturated Latinos. These sessions explored: (1) what barriers those in poverty and the working poor in California perceive as their greatest obstacles to upward economic mobility; (2) understand what these populations need in order to overcome those obstacles—i.e., education, transportation, childcare, housing, good/better paying jobs, etc.; and (3) develop measurable, objective, and widely accepted concepts that can lead to viable public policy options to address the issues affecting poverty, jobs and upward mobility in California.

2. **St. John's Women and Children's Shelter Graduates**

In addition to focus groups contained in the previous report, another was held with single mothers who formerly were clients of St. John's Women and Children's Shelter in Sacramento. This group was drawn from that program's graduates from 2008 through 2016, all of whom are currently working. Comparable to the insights obtained through the other focus groups, the key findings from the participants in this session were:

- The safety net system is difficult to navigate, takes too much time, and has no personal contact.
- A big problem is monitoring income levels for qualification of benefits and having to repay with penalties and interest any payments made once income levels disqualify benefits.
- Turning benefits on and off is difficult to navigate and time delays in doing so come with big penalties that can set recipients back.
- As a result, some chose not to seek assistance for which they might be qualified.
- Housing costs and finding safe, affordable housing is their biggest challenge.
- Universal income was not well received. Participants believed working develops self-worth, sobriety, independence, purpose, and a sense of community.
- An online, one-stop portal would be helpful that monitored income levels and qualification of benefits.

- Need budgeting skills, childcare, and mental health services.
- Need more education about EITC.

3. Barriers to Economic Development in California, Quantitative Research Study, Summary Report

Vision Strategy and Insights, November 2017

Following from the issues identified in the focus groups, this report contains the results of the survey of lower income Californians, addressing the following objectives: (1) survey lower-income Californians about their perceptions of the economy, jobs, wages, and the cost of living, as well as their experience with job training and economic assistance programs; (2) further quantify results of the focus groups in order to more clearly identify the causes of poverty and barriers to upward mobility; and (3) test concepts that might address these barriers to economic development and gauge which might best help Californians in poverty move up the economic ladder.

4. Barriers to Economic Development in California, Quantitative Employer Survey, Summary Report

Vision Strategy and Insights, December 2017

To understand their views on these issues and the challenges they perceive for their employees, a survey of California employers was conducted to: (1) determine employers' views of the economy, costs of doing business, and business challenges; (2) understand employers' perceptions of employee wages, benefits, and cost of living; (3) learn their plans for hiring, workforce management, and automation for the next year; (4) identify the benefits and opportunities their companies offer to employees and community members; and (5) test concepts for assistance programs that might help employees who are part of the working poor become more upwardly mobile.

5. Data Report

California Center for Jobs & the Economy, February 2018

This report summarizes data quantifying the issues discussed in the prior reports, with sections on the following issues: (1) demographic data providing basic population information on those in poverty and the working poor; (2) jobs data describing California's changing jobs structure by industry, wages, and hours worked; (3) employment data addressing the changing structure of the labor force; and (4) cost-of-living data to address issues raised frequently in the focus groups, including comparative costs on housing, commuting, and other cost-of-living factors. The corresponding data series have been incorporated into the Center's recent update of its web site data tools and/or are available in a separate pivot table that includes user-defined charts.

6. California Public Assistance Programs & Economic Mobility

California Center for Jobs & the Economy, February 2018

Identifies the various federal, state, and related local programs that provide income assistance, training, and other services associated with the overall goal of assisting Californians in preparing for, joining, and moving up within the workforce. The report describes the major programs along with funding sources and a general assessment of the applicability of each program to providing Californians with the skills and/or resources to pursue upward mobility in the state's evolving economy.

In the recommendation sections that follow, excerpts from these reports are notated with the number of the source report in brackets. Additional information of each of the points can be obtained in the referenced report.

Project Participants

Completion of these research components and development of the recommendations contained in this report were guided by ongoing discussions and advice from a number of stakeholders, in particular through the following two groups assembled as part of the project:

Stakeholder Roundtable Group

- Nathan Ahle, Fresno Chamber of Commerce
- Robert Apodaca, Greenlining Institute
- Herman Gallegos, Civil Rights Advocate
- John Gamboa, California Community Builders
- Paul Granillo, Inland Empire Economic Partnership
- Nicholas Ortiz, Bakersfield Chamber of Commerce
- Dave Puglia, Western Growers Association
- Nolan V. Rollins, Los Angeles Urban League (formerly)
- Dorothy Rothrock, California Manufacturers & Technology Association
- Jessie Ryan, The Campaign for College Opportunity
- Shawn Lewis, National Federation of Independent Businesses, California
- Michele Steeb, Saint John's Program for Real Change
- Gary Toebben, Los Angeles Chamber of Commerce
- Ronald Vera, Vera & Barbosa

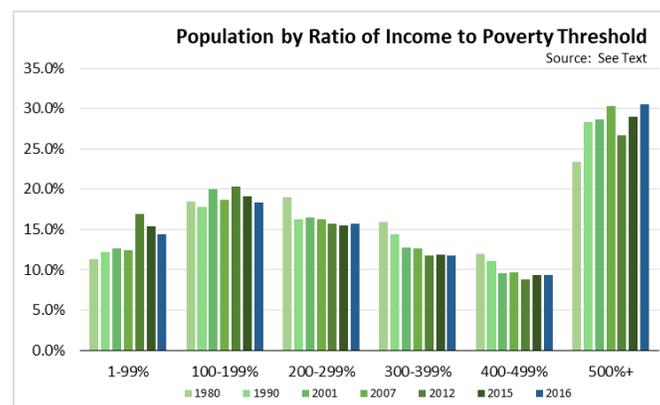
Research Advisory Group

- Andrew Chang, Andrew Chang & Company LLC
- David A. Flaks, Los Angeles County Economic Development Corporation
- Michael Shires, Ph.D., Pepperdine University

Core Issues

Middle Class has Narrowed in California

Middle income groups have steadily lost ground as the California economy has shifted away from traditional middle class income employment, and increasingly to a two-tiered pattern of jobs creation primarily at the higher and lower wage levels. Combined, the middle three income groups (200-499% of poverty income) went from 46.9% of the population in 1980 to 36.6% in 2015 and 36.8% in 2016. Movement out of the middle incomes, however, has been in both directions: the lowest two income groups grew from 29.7% in 1980 to 34.4% in 2015 and 32.7% in 2016; the highest level—500% and more of poverty income—grew from 23.4% in 1980 to 29.0% in 2015 and 30.5% in 2016.



While growth in the higher incomes has positive attributes, the hollowing out of the middle has diminished space and opportunities on the upward mobility rungs for both middle and lower income aspirations. With fewer supporting job opportunities being created at the necessary wage and income levels, the middle income tranche has become increasingly a gap separating the extremes rather than the path for generational economic progress. [5]

Growing Costs of Living are a Barrier Making Lower Income Californians Risk Averse to Upward Mobility Opportunities

The growing costs of living—especially for housing—are swamping any progress many lower income Californians are now able to make in moving ahead economically.

- From the focus groups, respondents in all cities reported facing a rising cost of living that outpaces their earnings. Rent, food, gas, and electricity have all increased significantly and steadily in the major California cities where these respondents live. Despite working one or more jobs, getting additional hours or clients, or benefitting from an increase in the minimum wage, respondents can't seem to get ahead of their monthly expenditures. [1]

- High cost of living was the highest perceived barrier to getting ahead financially by far (56% of survey respondents), distantly followed by jobs without benefits that might help respondents otherwise keep up with the high cost of living (9%). [3]
- Employers recognize employees are also having a hard time meeting expenses. Nearly 9 in 10 (86%) employers believe the cost of living has increased for their employees, the majority of which is centered on housing. [4]
- While employers struggle with increasing costs of business, they also recognize their employees are facing rising costs of living. Even though wages are rising and benefits are expanding, employees still don't seem to be able to keep up with the cost of basic necessities, resulting in longer commute times and stagnant net worth. [5]
- As housing costs have risen in response to housing supply constraints and the state's increasing utility costs, the percentage of persons considered rent cost burdened has increased not just in the lower income ranges, but the middle income groups as well. While housing tends to be treated as a low income policy issue, rising rent and utility costs increasingly represent a barrier—by otherwise absorbing available household income—to movement into or through the middle income ranks as well. [5]
- Although housing assistance programs are available, these programs at their base are intended to relieve poverty conditions in the state rather than solve the underlying problem and promote broader affordability, and increasingly are being reshaped to prevent and combat homelessness for those in very low and extreme poverty. While a few are open to moderate incomes, the key program in this respect—redevelopment agencies—no longer exists in California. Rising housing costs, however, are a much broader state-wide issue affecting low and middle incomes and, especially in the Bay Area and coastal regions, upper middle incomes as well. [6]
- These programs are also limited in their potential scope. Using 2016 data, housing subsidy and public housing programs combined were sufficient to cover only a quarter of persons living below poverty, and just over 1 in 10 if those in the 100-199% of poverty income group are included as well. Other current policy responses such as inclusionary housing being adopted by local governments simply raise the barriers to upward mobility higher. By shifting the costs of affordable housing within a development to the market units, the cost of the market rate units goes up. As a result, those shut out are the working poor and the lower rungs of the upwardly mobile who no longer qualify for or have access to the subsidized units and now are unable to afford the higher market rate rents as well, further intensifying the two-tier economic divide in the state. [6]

The primary government response in recent years to this situation has been to increase transfer payments and mandate wage levels in an attempt to ameliorate the effects of these cost impacts, rather than serious reforms tackling their underlying causes. Lower income Californians, however, have come to view their situation as overwhelming, with costs escalating beyond their ability to keep up.

- The survey respondents were nearly twice as likely to believe that their salary doesn't keep up with expenses, rather than that their income isn't growing fast enough. [3]
- This perception is reflected in a more detailed look at the distribution of wages within industries. The Lower Wage industries generally show higher wage growth, with a higher growth rate at the 10th percentile coming primarily as the result of increasing minimum wage, and growth in the subsequent percentiles likely the result of employer responses to wage compaction. While this cascading effect shows general wage improvement across all levels, the result is also seen higher prices especially those felt at the lower income levels. Wage stagnation—considered as wage increases below the CPI rate—is the most prevalent in Middle Class wage industries, particularly in the middle ranges from the 25th to 75th percentiles. These industries are generally traditional, more mature businesses that are generally more subject to the cost pressures from the state's regulatory and taxation policies affecting labor, energy, transportation, rent, and other basic costs of doing business. Wage stagnation is also evident in the Higher Wage industries, but primarily in the lower wage percentiles particularly for the Information and Professional, Scientific & Technical Services industries that have provided the primary growth at this wage level. [5]

The extent of these costs and the potentially severe—if not disastrous in the case of homelessness—consequences of making the wrong choice on education, training, or a job change has made many lower income Californians risk averse. While there is a high awareness of the different avenues for upward mobility, the consequences of making the wrong decision now make them hesitant to pursue these options.

- For the most part, participants in the focus groups expressed not anger but resignation over the economic challenges they face. Without any safety net (savings, confidence in future earnings, stability/security for immigrants), most were highly risk averse. Participants in all 4 cities expressed a “bird in the hand” attitude about their job situation, and fear and doubts over the idea of changing careers. Even some business owners and others who in different circumstances would not be risk averse find themselves severely limited by this situation. [1]
- When asked to describe where they see themselves in 5 years, few respondents have defined plans. Overall, they tend to spend most of their time and energy trying to get by, with little left to “invest” in improving their situation. [1]
- In the top ranked choice, about half of the lower income survey respondents cited fear of change as a moderate or extreme barrier to getting a new or better job. However, just over half also indicated their intent to change jobs in the near future, but primarily to gain more job security. [3]

Lower Income Californians Retain a Strong Work Ethic

The overwhelming response in both the focus groups and survey indicates lower income Californians continue to show a strong work ethic in spite of the challenges they face. They are looking for actions to deal with the ever-rising living costs that are sapping the purchasing power of what they earn, and options that enable them to improve their skills and employability but that also

accommodate the other demands on their time due to commuting, multiple jobs, and family responsibilities.

- Focus group respondents in each city indicated a willingness to work hard, and don't want "something for nothing" from the government. Instead, what they seem to be looking for is help managing the gap between what they make and the high living costs they face. Many also seek on-the-job programs where they could more easily manage additional education or training. [1]

This commitment extends to hopes for their children as well.

- The survey respondents generally believed that their children will be better off than they are, because of the opportunities that advances in technology offer. Several Latino respondents note that they are better parents to their children, as they "know the system" better than their immigrant parents did, and are able to prioritize education for their children. [1]
- Less acculturated Latinos (immigrants) are more invested in their children's future than in their own, and are more committed than their more acculturated counterparts to creating generational upward mobility. For many, it is not so much about working to make a better life for themselves, but rather to make sure their kids have the tools to improve their economic situation. [1]

In this respect, both the focus groups and survey group showed widespread rejection of universal income as policy option that can address their situation:

- The concept of universal income is perceived with suspicion; the focus group respondents believed it would only drive up the cost of living even more. [1]
- Focus group respondents in each of the cities also expressed concern that this type of program might foster laziness and dependency; people would not manage the money properly, and would choose to just take the "handout" instead of working or studying. Most believed that there should be an education, work, or community service requirement attached to this type of program. [1]
- Universal income was not well received. Participants believed working develops self-worth, sobriety, independence, purpose, and a sense of community. [2]
- While considered helpful by two-thirds of the survey respondents, universal income was ranked the second lowest out of a list of 8 potential assistance programs. Programs developing jobs skills and employability—including tuition-free community college, apprenticeship programs, and skills training—ranked at the top. [3]

Reaction to minimum wage increases was more mixed. While many noted they benefited personally from higher minimum wage, there was also a strong perception that it has and will continue to increase the living costs they face.

- Focus group respondents in all cities noted that the minimum wage is increasing across California. However, they were also quick to add that they have experienced two important types of setback as a result of this policy: (1) many businesses just reduce hours in order to reduce the total wage amount and to avoid paying benefits, often leaving workers earning less overall and feeling worse off about their financial situation than before the wage increase; (2) minimum wage increases are not keeping pace with increases in the cost of living, so respondents feel as though they have ended up in the same place (at best) or at a net loss. [1]
- Eight in 10 survey respondents agree (“strongly agree” or “somewhat agree”) that the blame for food prices falls on restaurants and grocers raising prices. However, seven in 10 also agree that increased labor and production costs are responsible for food costs going up. [3]
- Two thirds of survey respondents agreed that a higher minimum wage helps workers like themselves. However, three fourths also agreed that a higher minimum wage leads to higher prices, which only exacerbates the problem of their salary not keeping pace with rising expenses. [3]
- These perceptions are mirrored in the employer survey responses: 73% of employers are somewhat or extremely likely to raise prices in response to the mandated wage increases compared to 48% likely to increase automation, 46% likely to reduce hours, and 39% likely to reduce the number of employees. [5]

California has Split into Two Economies

In a trend that began in the 1990s but that has accelerated through the recent recovery period, California has evolved into a two-tier economy, producing higher wage and middle class wage jobs primarily in the Bay Area and a dominance of low wage jobs and jobs dependent on public spending in much of the rest of the state.

- The focus group respondents noted that while there appear to be plenty of job opportunities in California, the available jobs are not necessarily suitable for them. Available jobs are either entry level or very low-paying positions, appropriate for recent high school graduates but not heads of household. Jobs that pay more require skills, education, certification, and/or experience that they don’t have and are not able to get. [1]
- The focus group respondents also noted that the growing California economy has resulted in more jobs available than in recent years. However, these jobs tend to be low-skill, low-wage positions in the fast food industry, housekeeping, or agriculture. [1]
- A number of focus group respondents lost good jobs during the recession, and reported not being able to get a comparable job since then. [1]
- Between 2010 when the recovery began and 2016, California generated 2.2 million wage and salary jobs, producing a net increase of 1.1 million jobs compared to the pre-recession level. However, the nature and distribution of those jobs shifted notably from patterns in the past.

While job opportunities for lower educational attainment groups have grown during the state's recovery, they are at significantly lower wage levels. The opportunities this economic mix now provides either to avoid poverty—especially cost of living adjusted poverty—or provide a base from which to pursue upward mobility are as a consequence significantly diminished. [5]

- The distribution of jobs growth has also shifted. Overall, the Bay Area—with 19.4% of the population—accounted for 30.2% of the recovery jobs growth between 2010 and 2016, and nearly half (46.2%) of the net jobs growth between 2007 and 2016. Breaking these totals out by wage and skills level, the distribution is even more skewed. Los Angeles Region accounted for 47% of the net jobs loss between 2007 and 2016 for the Middle Class, Blue Collar jobs in construction and manufacturing. At the other extreme, the Bay Area secured 84% of the net jobs growth in the Higher Wage industries and 31% of the net jobs growth in the Middle Class, White Collar industries. [5]
- Rather than sustainable private jobs growth, a significant portion of California's recovery growth came from expanded public spending. Health Care & Social Assistance—much of which was directly or indirectly the result of expanded Medicaid and other public health care spending—accounted for 47% of the net jobs growth between 2007 and 2016. Combined with direct job expansions in Government, many of the middle class wage and lower wage jobs created over that period are dependent on uncertain or volatile public funds, which in turn are largely dependent on the economic performance of a single region in the state—in 2014 and 2015, Bay Area taxpayers produced 40% of all personal income tax paid in the state.

Labor Mobility Eroding

While jobs continue to expand in the state, there is a growing disconnect with the available labor supply as living costs have eroded labor mobility. Reliance on established family/friend networks to cope with rising costs, escalating housing costs, and increasing commute times produce higher costs for food, child care, and commute expenses as workers must travel further for jobs at their skill levels. This trend in turn has eroded the time available for workers to pursue upward mobility strategies such as training and additional education.

- Focus group respondents in each of the cities noted that California cities are getting too crowded, which contributes to high expenses in these cities. People are having to move to the outskirts of their city and commute for longer periods. The exception seemed to be Fresno, which is seen to have lower housing costs overall. [1]
- Not surprisingly, traffic was seen as a major problem in these crowded cities. For most, public transportation is not really alleviating the problem. In San Diego, the new trolley is called out as inefficient and not helpful. Even in Fresno, where traffic is not as heavy as the larger markets, residents have noticed an increase in their commute time. [1]
- People have had to move farther away from their jobs to find affordable housing, increasing commuting times and leaving less time to pursue education or have an acceptable family/work balance. [1]

- One main source of dissatisfaction with their jobs concerns the location of good jobs, which tends to be exacerbated by the overall cost of living and lack of affordable childcare. Several respondents across markets (with the exception of Fresno) note that they can't earn enough to be able to live close to where they work; this tends to affect their ability to progress and their overall quality of life. [1]
- In addition, the pressure caused by the fact that today's salaries and raises are not keeping up with the cost of living is perceived as reducing overall quality of life. People have had to move farther away from their jobs to find affordable housing, increasing commuting times and leaving less time to pursue education or have an acceptable family/work balance. [1]
- Approximately one third of the survey respondents don't believe they have the education or experience to take advantage of job opportunities in their area, while one fourth can't afford to live on the salary offered by jobs in their area. Three in 10 respondents noted that there are very few job opportunities close to where they live. [3]
- In the employer survey, 66% indicated commute times have increased for their employees. [4]
- The difficulty of matching jobs with available skills has led a significant portion of employers to look outside the state—28% indicated they plan to transfer workers or expand hiring outside of California in the next 6 months to a year, with some of these respondents indicating hiring outside of California is a way of testing the talent pool in other locations before moving the entire company. [4]
- While California has created jobs since the recession that can provide an option for upward mobility, their concentration within the Bay Area means that that cost barriers created by housing and commuting result in these jobs not being a viable option for most lower income families. [5]

Discrimination Still Seen as a Factor

Discrimination in the workplace is still cited by a significant percentage of these income levels as a barrier to upward mobility.

- Female, African American, and Latino respondents in the focus groups noted that their gender and/or ethnicity often work against them in the workplace, making it more difficult to get a job or qualify for better wages. Latino respondents in particular noted an increasing anti-immigrant sentiment that can limit their job opportunities. [1]
- Racism/discrimination ranked 6th out of 7 choices of factors contributing as barriers to getting ahead, with 26% indicating it was a moderate barrier and 27% an extreme barrier (53% combined). This factor was ranked higher in the Bay Area (60%), Central Valley (59%), and Los Angeles (56%), as well as among African Americans (58%) and Latinos

(57%). When asked which factor was the greatest challenge, 7% responded racism/discrimination vs. 56% choosing high cost of housing. [3]

- The ethnic/racial distribution for the 300-399% income group in 2016 substantially reflects the population distribution overall in California. Differences, however, exist in the higher and lower income groups. Latino and Black Californians show a higher relative share in the lower income ranges. In the highest, 500%+ income range, the relative share for non-Latino Blacks is 20% below the income range share, and for Latinos, 60% below. [5]
- On a relative share basis, the race/ethnicity distribution has been essentially stable since before the recession in 2007. The changes shown in the distribution within each income group are largely explained—with some slight differences—instead by the underlying changes in the overall population distributions as Latinos and Asian-Pacific Islanders have grown as a share of total population and the labor force, non-Latino Blacks remained essentially level, and non-Latino Whites declined. [5]
- Incomes, however, reflect the differing effects of the recession on each of these groups. Unemployment rates for Latinos and non-Latino Blacks peaked at much higher levels, and through 2016 still had not returned to recovery levels, in particular for Blacks. While Latinos maintained a higher labor force participation rate than the other demographics throughout this period, the non-Latino Black rate sank well below the others and began to recover only in 2016. [5]

Many of the cost barriers identified through the project research likely contribute to these perceptions, in particular the lack of housing that now makes access to upwardly mobile job opportunities more costly or absent altogether. The functioning of the state's overly complex housing approval process—including CEQA, entitlements, and development permit process—has thereby produced disparate impacts on low income Californians, reducing the available housing supply they can afford in the coastal areas creating the most jobs. Opportunities to move beyond these income levels are also limited by disparate impacts that result from the current focus of the public schools on college-track preparation combined with their persistent failure to close the performance gap between demographic groups. These gaps are becoming even more significant at a time when occupations and the nature of work are shifting in the face of growing technology applications.

- Educational attainment remains associated with income level, but despite a 30% increase in Prop. 98 funding from 2007-08 to 2017-18 and a redirection of significant resources to focus on disadvantaged students through the Local Control Funding Formula (LCFF), major gaps remain in educational outcomes by demographic and region. General comparison of relative performance both before and after 2014 shows a large and continuing gap by Latinos and Blacks especially in the Math skills critical to current jobs in Higher Wage industries and to occupations at all wage levels that are changing in the face of technology. [5]
- Comparing completion rates of the A-G courses required for application to University of California and California State University, the K-12 schools are preparing White and Asian students for college at levels significantly above Latino and Black students. Males, especially Latino and Black Males, show completion rates well below Female levels, with SDA

(socioeconomically disadvantaged/low income) students as a group at only just over a third of SDA graduates in the latest 2016 results. In a time of transition when required skill levels are likely to change substantially for many occupations—both the current mix and the yet-to-be-known evolving structure—California schools remain largely focused on college-track education. And in this respect the schools no longer are functioning as the primary asset for adjusting to technological change, but instead now come close to serving as a winnowing process that risks relegating another generation—especially Blacks, Latinos, and low-income males—to the income levels in which they are now without the skills necessary for upward mobility in a changing state. [5]

Current Public Assistance Programs Do Not Assist in Upward Mobility

As currently structured, the multiple public assistance programs are not effective as a means to promote upward economic mobility. Barriers from accessibility, eligibility, and caseload capacity mean in practice they are too little, too intermittent, and not directed on the primary barriers lower income Californians face.

- Focus group respondents were frustrated with aid programs that are underfunded, require significant time off work, and have seemingly out-of-touch income eligibility levels. Several mentioned that as soon as programs begin to help them manage their expenses, they become ineligible. In addition, the waiting periods for housing and food assistance rendered the programs essentially unavailable. [1]
- Overall, respondents are frustrated by the fact that these programs are all underfunded, there is too much red tape in the application process, and the help does not come as quickly as people need. They cited personal examples where food stamps took 6 months to go into effect, insurance coverage that didn't kick in until after a baby was born, and the Section 8 program with a waiting list of 10 years. [1]
- Single mothers in particular noted that when these assistance programs fail to work as designed, it puts them even further behind. Few seemed to have been able to access a childcare assistance program that would allow them to get a job and/or improve their work situation. [1]
- The safety net system is difficult to navigate, takes too much time, and has no personal contact. A big problem is monitoring income levels for qualification of benefits and having to repay with penalties and interest any payments made once income levels disqualify benefits. Turning benefits on and off is difficult to navigate and time delays in doing so come with big penalties that can set recipients back. As a result, some chose not to seek assistance for which they might be qualified. [2]
- Survey respondents prioritized assistance programs that would help them move on to that next job and those that would help manage their most pressing expense: housing. [3]
- Only about half of survey respondents felt they were “probably” or “definitely” receiving all the help they're entitled to. [3]

- While many of the safety net programs retain their original focus of moving Californians out of poverty, others have evolved more into a purpose of income support and ameliorating the effects and conditions of poverty rather than combating the underlying causes. This policy shift is perhaps best seen in the increased prominence given to expansion of spending on the state’s poverty programs in recent Governor’s Budget Summaries, under the general heading of “Counteracting the Effects of Poverty.” [6]
- This policy shift is also fundamentally grounded in an assumption that many of the core conditions defining the challenges to upward mobility in the state—in particular, the increasing prevalence of low wage, part time jobs outside the Bay Area and the growing cost of housing, energy, and other costs of living—are an inevitable feature of the state’s economic future instead of challenges that can be changed and not just offset through government assistance. This outcome is seen in the increasing use of targeted funds and programs to compensate—at best partially—for the cost effects of state policies in areas such as in energy and housing. These ameliorative programs are not reaching the full range of people affected, are not easily accessible due to qualification limits or application burdens, or at best are capable at reaching only a portion of the populations affected due to available funding. [6]
- Individual programs, especially those adopted separately by California, challenge applicants with a broad and inconsistent range of income eligibility criteria. But in particular, the guidelines of the poverty programs and programs supported largely by federal funds are based primarily on federal poverty level either as a hard dividing line or as the base for eligibility determined as a multiple of this income level. As such, the potential for the programs’ effectiveness varies widely due to the significant differences in costs of living between California and other states in general, and specifically through the wide differences in living costs between regions in the state. While these disparities reinforce the critical need for actions to reduce rather than subsidize living costs in the state, at least in the near term these cost differences—especially when considering the barriers to labor mobility raised by housing—make the potential effect and eventual success of the current programs structure heavily dependent on geography and where the program beneficiaries live. [6]

Policy Recommendations: Cost of Living

Nearly nine in ten survey respondents perceive the cost of housing to be increasing, compared to about two thirds of respondents who note that the costs of food, gas and utilities are increasing. [3]

When asked to describe where they see themselves in 5 years, few focus group respondents have defined plans. Overall, they tend to spend most of their time and energy trying to get by, with little left to “invest” in improving their situation. [1]

The dominant and consistent issue throughout the research conducted by this project was that lower income Californians are aware of what they need to do in order to improve their economic situation and largely are aware of the opportunities to do so. But the rapidly escalating costs of living—led by housing—swamp whatever progress they have been able to make and sap whatever time and household resources they otherwise would have to progress further.

More perniciously, this situation has made them highly risk averse to even attempting to make these changes for fear they will make the wrong choice and risk being overwhelmed by the costs they now face.

1. Increase Housing Supply

There is no possible progress that can be made on economic mobility without increasing the supply and thereby reducing the cost of housing in the state. The scale of the current shortfall is prohibitive to using traditional affordable housing tools. The extent of the cost barriers—running across multiple income groups—requires that supply be expanded at multiple price points, not only to deal with the current affordability crisis but to prevent housing costs from being the barrier they are now as households attempt to move from affordable to market rate moderate income housing.

- **Reduce the Cost of Constructing New Homes.** Current housing construction in the state is essentially limited to affordable housing where subsidies are available and to higher price point market housing that can absorb the high cost of permitting, increasing regulation, inclusionary requirements, and impact and mitigation fees. Moderate income housing is simply uneconomic in many of the state’s urban areas under these existing conditions.
- ✓ Enact Governor Brown’s original By-Right housing proposal¹ from 2016, but with expansions substantially in line with those recommended by the Legislative Analyst (LAO).² The By-Right proposal contained significant streamlining proposals to reduce the current approvals that now add significant time and cost—if not resulting in outright rejections—for new housing. The proposal in summary: (1) created a ministerial permit process for multifamily, infill housing projects conforming with existing general plan and zoning, meeting specified affordability requirements, and were not proposed for various land types; (2) set time limits for city/county objections to streamlined projects; (3) set limits on design review; (4) eliminated CEQA review; and (5) required relocation assistance for any displaced households.

- ✓ Specific expansions consistent with the LAO recommendations would include: (1) expand the range of housing covered; (2) remove or substantially reduce the affordable unit requirements to ensure barriers to moderate income housing are not created; and (3) move any additional affordable unit provisions to the incentives under the state density bonus requirements.
- ✓ For all housing proposals consistent with a local general plan, enact a moratorium on requirements for CEQA until: (1) the housing supply backlog—to be determined by Department of Housing & Community Development—necessary to keep pace with population growth has been reduced by a specified amount (e.g., elimination of the backlog as determined from annual building permit data and prior Department determinations of required supply additions; construction of the 2.8 million units estimated in the Fall 2017 UCLA Anderson Forecast as required to return state housing costs to their 2014 levels), and (2) as determined on a moving three-year average, the state continues to construct new housing without increasing the size of the backlog.
- ✓ Reform CEQA to require transparency on litigants and overall reduce its misuse in litigation, and return to its original intent to ensure environmental considerations in public decisions.
- ✓ Reduce construction costs by reducing other regulatory requirements, costs, and fees: (1) until the housing supply backlog is eliminated (as above) allow new housing to be built according to state building standards—except those related to seismic, fire, and other safety elements—as they existed during 2003-2005, the only period during the last 28 years when California saw new housing construction at the level required to keep pace with population growth; (2) cap impact fees and total mitigation costs at a specified percentage of construction costs; (3) enact a multiple-year bond package to finance local capital improvements that would otherwise be covered through local impact fees, with financing bonuses tied to affordable units; and (4) prohibit prevailing wage requirements for housing, including affordable units, constructed pursuant to By-Right provisions.
- Expand Available Construction Labor Pool. In 2017, the number of construction jobs in California was about 118,000 (13%) below its prior peak before the recession. Even at this lower level, however, construction labor overall appears to be in short supply as former workers have aged out of the labor force, changed occupation, or moved to other states with more construction work and lower housing costs, and as fewer new entrants trained for construction during the recessionary plummet in available work. While regulatory changes are needed to reduce costs and incentive new development, additional construction workers will be required to build it—a factor which will also have a direct improvement to blue collar, middle class wage jobs in the state.
- ✓ Target current state jobs training funds to a statewide Construction Skills Initiative.
- ✓ Increase the use of construction apprentices by: (1) require a percentage of apprentices to be used on projects qualifying under By-Right provisions and (2) incorporating an incentive through the state’s density bonus requirements based on the number of apprentices employed from the local area.

- Rebuild Local Housing Finance Sources. The previous redevelopment agencies played a key role in financing affordable and, more critically, moderate income housing both directly by providing the local base to leverage other private and public funds, and indirectly by providing the site preparation and infrastructure leading to private developments. While various partial replacements such as infrastructure districts have been enacted since then, none has shown the potential to contribute to the housing crisis the state now faces. Particularly in economically distressed areas, sustained improvements to housing supply can be achieved only through long-term and sustainable capital sources, rather than the short term and often one time improvements that are achieved through tax credits and subsidies.
- ✓ Authorize a new form of redevelopment agency limited to housing and mixed use applications and associated infrastructure. Limit the property tax increment available to these agencies to the portion that would not otherwise go to K-14 agencies, determined as the greater of: (1) the actual county percentage or (2) the statewide average (46%).
- ✓ The next Governor should convene a task force to identify efficiencies through streamlining special district services, where appropriate, through existing city and county structures. Specifically, this would include redirecting some portion of existing property tax revenues to affordable housing. In the aftermath of Prop. 13's passage, then-Governor Brown in a June 8, 1978 address immediately responded with a proposal to restructure the state's local governments to better reflect the newly-approved local government revenue framework. Governor Brown specifically called for reforming and overhauling the thousands of special districts as part of the redistribution of future revenues from property tax. This proposal was not pursued, and currently over 3,000 special districts—virtually all of which are generally unknown to the public—continue to draw on local property tax revenues, at \$22.5 billion or 19% of the total in FY 2016. While some of these districts—in particular the multi-jurisdiction infrastructure districts—likely are the more efficient means of providing the applicable services, a sunset review should be conducted to designate services that can be absorbed within the component city and county structures, with the hard goal of redirecting \$4-5 billion of the existing property tax revenues as an ongoing, sustainable affordable housing source.

2. Rebuild Lower Income Home Ownership

The focus of the limited housing reforms adopted to date by the state is on affordable rental units, viewing lower income Californians as only renters and depriving them of the opportunities for asset acquisition—an essential component to reducing income inequality and building long-term wealth—and through the sharing economy, opportunities for income supplements.

- Require a Percentage of Affordable Housing Using Public Financing to be Units for Sale. In addition to requiring a set—and possibly increasing—share of units to be available for sale, additional provisions could be included to promote the transition from an affordable unit, and to overcome the high barriers that now exist for movement into market rate units. As an additional equity sharing option, incorporate deed restrictions limiting resale prices to an amount tied to a specified index (e.g., some multiple of the CPI plus selling fees) in order to keep the units in the affordable and moderate income pools. In return, the sellers would be

able to transfer their assessed valuation basis to their subsequent home purchase, in order to control their monthly transition costs and to provide long-term compensation for limiting potential capital gains from ownership of affordable units. Consideration should also be given to modifications to the current federal and state tax exclusion for sale of a primary residence in order to provide for maximum equity preservation, including a provision to allow for the exclusion if the sale does not meet the residency time requirements but was for the purpose of moving for a new job (full exclusion rather than the current prorated amount), or a 1031-like exchange option that ties the exclusion to reinvestment equal to or greater than the amount of equity rather than the value of the properties. These latter considerations would require changes to both state and federal law.

- Create a Housing IRA. Create an IRA-like instrument to allow workers to save pre-tax money for a down payment. This provision would require changes to both state and federal law.
- Reduce Monthly Costs. Adopt 50-year mortgages—similar to those introduced in Japan and Europe—for affordable units, possibly backed through state bonding or the state pension funds. Reduce overall monthly costs through measures to reduce development and construction costs, consistent with the elements in Recommendation 1, to reduce the cost of affordable housing units due to state and local design and cost mandates.

3. Expand Cost of Living Considerations in Future State Actions

State laws and regulations have had a profound impact on the costs of living that now serve as the primary barriers to upward mobility. Numerous studies³ have identified the effect of the CEQA, permitting, and land use policies on restricting or prohibiting new home construction. The way California has chosen to implement its climate change policies has produced higher utility costs and bills—with direct effects on the affordability of housing—along with fuel costs that feed directly into high costs for commuting and many goods and services. As expressed through the research, adoption of the state’s escalating minimum wage is having a dual effect—increasing incomes for those who receive it but also contributing to growing costs for basic purchases. State actions continue to be drivers of many of the high costs faced by lower income Californians. The current process should be adjusted to at least consider how future such actions can incorporate these concerns.

- Institute a Cost of Living Committee in the Senate and the Assembly. Mandating that the state take into account the potential impacts of proposed actions on living costs is difficult. The legislative process and at least theoretically the regulatory process exist to weigh the potential costs and benefit of individual actions. The potential disconnects arise because these systems are attuned to weigh individual outcomes and not the cumulative effect of numerous such actions over time, and because in the end they are fundamentally political rather than analytical processes. The need for such consideration, however, has become all the more pressing as a result of blanket regulatory grants of authority that have been issued over virtually the entire economy to single-purpose regulatory agencies. While these processes cannot be mandated to produce a specific outcome, improvements can be made to ensure these considerations are explicitly addressed.

- ✓ Institute committees to consider potential impacts on household budgets of proposed legislation, comparable to the Appropriations Committees that consider potential impacts on the state's budget.
- ✓ Authorize these committees to hold oversight hearings on proposed regulations with potentially significant impacts—based on information contained in the Regulatory Impact Assessments prepared under SB 617.

Policy Recommendations: Jobs & Employment

When survey respondents were asked to choose between a better job at the same salary, or the same job with a higher salary, two thirds stated they would prefer the higher salary. However, when asked whether they would prefer a job with benefits or a job with higher pay, six in 10 preferred a job with benefits, possibly due to a belief that medical and dental insurance would be more effective in reducing expenses than a higher salary would be in paying them. [3]

While the raw number of jobs created during the recovery are often cited as evidence of California as a successful model of high regulation and high taxation, a more detailed look at the geographic distribution and types of jobs shows a different picture. The Bay Area has captured the predominant share of growth in higher wage and middle class wage jobs, based largely on emerging industries not yet subject to extensive regulation and still able to use compensation models and tax strategies that are less affected by the state's high rates. Much of the jobs growth in the rest of the state remains reliant on low wage and low hour jobs, with jobs declining or slowing in traditional industries more affected by these aspects of the state's operating conditions.

Bridging this divide and increasingly the means to temper the effects of this uneven progress in the state is the disproportionate flow of state revenues coming from the Bay Area, a relief valve that already failed once at the beginning of this century when the state's economy was more balanced and more capable of absorbing the loss. Continued reliance on this public revenue structure to fund programs to ameliorate rather than reforms to resolve the fundamental jobs trends that produce the poverty and low income outcomes in the state are consequently likely to be more severe should the Bay Area experience a similar economic event in the future.

This project is not intended to explore ways to counter this trend through underlying changes to the business and jobs investment climate, but instead has focused on strategies to increase the ability of lower income Californians to transverse these conditions in pursuit of upward economic mobility. But the current growth system dominated by low wage jobs in much of the state remains a challenge if not a barrier given the growing risk aversion identified in the other sections of this report.

This situation is all the more critical given that California along with the other developed economies is in a phase of transition, as technology is expected to continue transforming large sectors of the economy. The net effect on jobs is still to be seen: a net loss of jobs as human workers are replaced or a net gain if, as in past technology waves, new jobs are created both within existing industries and others yet to be. What is certain is that the nature of work is likely to change for many occupations, requiring skills and training not provided on a sufficient scale today. While tackling the costs of living is critical to opening up the breathing room lower income Californians need to even contemplate moving ahead, opening up options to prepare for this changing economy is what they will use to get ahead. This aspect is the goal of the recommendations contained in this section and the next that follow.

However, the operating conditions that have helped shape the type of jobs available to Californians now will continue to shape the state's competitiveness for the jobs that will be evolving in the coming years. The challenge to the economy as a whole will be whether the state continues evolving on a two tier path, continuing to grow through high wage knowledge and design jobs on one end and lower wage population serving jobs on the other, with the middle ground shifting to other locations as technology enables ever greater mobility for these functions. Part of the response to the challenges of automation and the other factors affecting income and job opportunities in the state will not only be improving the skills level of Californians to enable them to adapt to and benefit from the shifts, but also to ensure the state embraces policy changes that promotes the jobs to hire them.

While this project has not analyzed them in detail, such job enabling strategies would include those currently being pursued by the Los Angeles Economic Development Corporation:

- Catalyze and accelerate the state's basic, applied and translational research and innovation capacities to strengthen the state's comparative advantages in the current crop of world-leading innovation-intensive industries such as information and communications technology, entertainment, and biotech but also to promote new industries that remain unknown today.
- Build demand-side capacity within the state's key traded or export-oriented innovation-intensive industries, such as aerospace, alternative transportation, biopharmaceuticals, clean energy, digital media, entertainment, information and communications technology, medical devices, professional and technical services, trade/logistics, and others. Approach this challenge through an idea-to-export perspective by looking at the entire product and service value chain associated with these key, traded industries, from research to design to create to build to market and all the way through to export. Rather than simple lip service to gaining jobs through state policies promoting the ideas generation in areas such as clean energy, alternative transportation, and green jobs, building this capacity would require greater attention to identify and develop the infrastructure, skills base, capital structures, regulatory and tax reforms, and other economic development assets necessary to secure a wider wage spectrum of jobs as both the current and new industries evolve in the state and world.

While these concepts would form part of a more detailed consideration of factors affecting the types of jobs and wage levels being created in the state, the following recommendations cover more immediate actions that can be taken based on the research from the current effort.

4. Reduce and Standardize Occupational Licensing

Self-employment offers an option to provide either primary or supplementary household income, but with greater flexibility often needed to cope with child care and other family needs. Starting a business also became a necessary response for many during the recent recession, with persons below poverty showing the highest relative incidence of self-employment among the income groups.

Occupational licensing, however, has become an increasing barrier to entry—especially for occupations paying at levels sufficient to carry households beyond poverty—both from the cost of licenses and increasing requirements to qualify. In all, the share of workers requiring a license has risen five-fold, from 5% of the employed nationally in the 1950s to 25% in 2015.⁴ In a 2012 detailed

review, California required licenses for 62 low income occupations, greater than any other state except Arizona and Louisiana.⁵ The current system—administered by a bewildering array of commissions and agencies—imposes large costs in time, money, and bureaucratic process on those least able to afford the challenge, but who also stand to benefit the most from higher income, greater control over their time and working conditions, and the growth opportunities that can come from state’s long tradition of entrepreneurship.

Licensing is often justified on consumer confidence and public health factors. However, licensing particularly as it is now practiced has significant economic effects as well: (1) through restricting entry, licensing can increase the holders’ income; (2) through restricting entry, licensing can increase prices, contributing to the rising costs that now represent barriers to upward mobility; (3) the cost, required experience, and training is not always commensurate with the services provided, increasing the cost of entry in particular for immigrants with the necessary skills but not the required credentials; and (4) differing requirements between states and increasingly between localities further reduces labor mobility, in particular negating the income flow altogether for lower income workers who are forced to change residences due to rising housing costs.

- Eliminate or Reduce Licensing Requirements for Occupations Requiring Less than a BA Degree. Through an outside commission or joint committee process and building on the work already done by the Little Hoover Commission⁶ and the sunset reviews conducted to date by the Assembly Committee on Business & Professions and Senate Committee on Business, Professions & Economic Development, the Legislature should review current licensing requirements, and eliminate those provisions not essential to protection of public health and safety and set licensing costs—considering the total costs associated with the required training, experience, and actual fee process—at levels appropriate to promote entrepreneurship attainable by lower income Californians. Any legislation should include pre-emption of separate local licensing requirements in order to ensure maximum labor mobility within the state.
- Replace Current Licensing Boards and Agencies with Community College Certification. Any remaining licensing requirements for occupations below the BA level should be fulfilled to the extent possible through completion of a certificate program through the community colleges—tuition-free if combined with the other recommendations in this report—in conjunction, if essential, with an apprenticeship or other qualified experience not to exceed a specified reasonable period.
- Enter into Inter-State Agreement for Portability of Licenses. The state should take the lead in developing reciprocity agreements or pursue an interstate compact to ensure acceptance of licenses of persons moving between states. While some provisions now exist for temporary accreditation for otherwise licensed persons moving into the state, the focus of this component should not just be accommodating the differences, but seeking to remove them and allow for greater economic mobility.

5. Create Transportable Employment Benefits Package

Obtaining benefits through their employment was one of the highest ranked tools desired by lower income workers as a means to cope with the rising costs they face. As an employment option,

providing these benefits through a transportable package is a means to ensure this coverage between jobs, reduce potential disruption between vesting periods, and tailor the benefits to the circumstances of each household. The basic components of such a package already exist within state and federal law, but differ as to their requirements, fungibility, tax treatment, and more critically consideration as an asset for purposes of the public assistance programs in the event the holders face an extended period of unemployment or take time to improve their skills through training and education.

- Develop a Menu of Transportable Benefit Accounts. At minimum, accounts should include healthcare, retirement, childcare, and education. These should build off existing programs (e.g., health savings accounts, flexible spending accounts, 401(k), IRAs, 529 plans), but should be restructured to ensure: (1) full annual rollovers of contributed amounts, (2) use of pre-tax dollars for contributions by employers and employees (including not being subject to payroll taxes comparable to the treatment now provided to employer-provided health benefits), and (3) a degree of transferability between the accounts without penalty as long as the funds are used for approved purposes. Equal tax treatment should also be provided to both wage and salary employees and to self-employed, including provisions potentially addressing unpaid family workers. These changes will require amendments to both state and federal law.
- Set Appropriate Limits for Purposes of Public Assistance Programs. The purpose of this measure is to promote individual responsibility, increase the ability of households to cope with rising costs, and reduce the need for public assistance in the long term. But by being financially responsible, households should not be subject to undue penalty as a result of asset limits under the various assistance programs, including assistance for higher education. There is a balance that needs to be achieved, comparable to the treatment provided ABLE accounts for SSI/SSP recipients that is considered separately from the standard asset tests.

Policy Recommendations: Public Assistance Programs

As a result of this catch-22 situation, focus group respondents are experiencing that the help they need is phasing out too soon. Several note that what they truly need is a “bridge”, i.e. a little financial help over a longer period of time, to help them work their way toward a better financial future. [1]

The income assistance, jobs training, child care, and related programs under California’s safety net increasingly are being applied to ameliorate the effects of the state’s two-tier economy, seeking to make poverty more tolerable but moving away from the fundamental focus of developing the personal resources and creating the opportunities for upward mobility. Using the term from recent state budget documents, these programs now fall more under the goal of “Counteracting the Effects of Poverty” rather than solving it.

A good example in this regard is last year’s limited housing reforms adopted by the Legislature. Focused on marginal changes to affordable housing supply, these reforms will at best ameliorate the high housing costs faced by a few thousand at the lowest end of the income scale, rather than addressing the debilitating and growing barriers faced by millions of low and middle income households. Rather than a Marshall Plan to tackle a clear crisis, what emerged instead was a typical solution that tinkered at the edges.

Combating poverty and promoting income mobility means tackling the barriers that stand in the way. When asked what they need most in this regard, lower income Californians to some extent responded with “all of the above,” but gave clear priorities to bridge assistance to help them cope with rising costs and to training and education that opens up higher paying jobs and jobs providing benefits.

They were also clear in stating that the current structure of the public assistance and related programs does not provide what they need. As stated earlier, barriers from accessibility, eligibility, and caseload capacity mean in practice they are too little, too intermittent, and not directed on the primary barriers lower income Californians face.

6. Restructure Current Public Assistance Programs into an Expanded State EITC

In developing an alternative to the current program structure, the following recommendation is based on several concerns raised during the course of this project’s research work by the research participants, namely: (1) assistance should be more certain and should not divert their already limited time for having to maneuver through the bureaucracies; (2) assistance should be tied to work—lower income Californians participating in the research expressed a strong work ethic and want their children to embrace this as well; (3) assistance should provide the resources households need to address their individual circumstances, and not the programs the agencies decide is best for them; and (4) assistance should be a bridge that enables lower income Californians to work through

the transition as they move up in income, particularly as they reach the point where assistance is dropped and they are left to cope with the state's high costs on their own.

This last factor will become increasingly critical as the state's minimum wage continues rising, and as many lower income Californians will see their assistance eligibility lapse but at levels that are likely to overwhelmed by the state's rising costs. For example, a single parent with two children ends up with roughly the same or fewer total resources overall working full time at \$15 an hour compared to \$10 an hour, when all factors are taken into account including payroll taxes, tax credits, and eligibility for the various assistance programs. The current system provides a perverse disincentive to continue working full time as wages rise, and even more perversely leaves the household worse off as the prices they face rise along with the minimum wage increase.

While minimum wage jobs should be a start and not the goal, the results of this project suggest a large portion of the target population may in fact become stuck at this level simply from the growing risk aversion that makes upward mobility actions hard to make. The existing structure of the assistance programs limits their effectiveness in overcoming this challenge now. This aspect will become all the more pressing as the state continues down the path it has currently set.

- Restructure Existing Assistance Programs into an Expanded State EITC. Rather than continuing the multiple and ever expanding number of programs under the state's safety net, the resources should be consolidated to the extent practical and used to expand the current federal EITC by another 2-4 times using current funding from federal, state, and local sources. The expanded state EITC would then be applied as a refundable credit applied to state income taxes (including fully refundable in cases where there is no state tax liability). This approach would eliminate the current bureaucratic oversight under the current programs, including those to ensure compliance with work requirements which are replaced by the current state and federal rules that tie EITC to earned income.

A portion of the programs identified in the research will likely need to remain outside this consolidation, in particular ones targeted more for the disabled, seniors, foster youth, and others. However, even in these instances, more work needs to be done to consolidate funding for these remaining purposes into single-point delivery systems, rather than the alphabet soup of programs that now exist, and repurpose them to move beneficiaries from dependence to independence, and shifting them into the EITC program. Respondents in the research also strongly stated that Medi-Cal is a program that has worked for them, and is essential in cases where employer health benefits are not available.

- ✓ As is done in other states, the state EITC should be restructured as a percentage add-on to the federal EITC in order to simplify calculation and make it easier for the intended beneficiaries to make their budget plans accordingly. The current state EITC is heavily weighted on poverty incomes, and while the 2017 amendments extend the eligibility closer to the federal structure that provides incentives to pursue higher earned income, the additional state amounts are nominal at best. The federal EITC is also structured to provide incentives for married households. The state EITC remains neutral on this point even though having the potential for two income earners remains the single most effective anti-poverty and upward mobility factor, if not an essential condition to cope

- with the state's high costs. The current assistance programs instead are permeated with disincentives on this basic solution.
- ✓ Federal funds otherwise available for the targeted programs should be consolidated into a single block grant and combined with existing state and local funding to support the additional State EITC.
 - ✓ All or a significant portion of the administrative cost savings should be redirected to fund the education recommendations contained in the next section. To further reduce the need for federal oversight, any maintenance of effort requirements should be simplified and made more transparent, and made enforceable by third party lawsuits. All or at least a portion of the resulting savings in federal administrative costs from this and the overall block grant approach should be reallocated to the state purposes.
 - ✓ Provisions should be incorporated to provide the state EITC on a periodic basis over the year, based on some percentage of estimated taxes comparable to the process now used for the Covered California health insurance subsidies. For example, the state and federal tax agencies expect individuals to accurately calculate their tax liabilities on a quarterly basis. This expectation should be reciprocated with the state tax agencies being able to calculate tax refunds on the same schedule.
 - ✓ The research revealed a degree of unfamiliarity and some confusion over the existing available EITCs. Additional communication efforts would be required to make this approach more successful, along with creation of a simple electronic filing application accessible through the Franchise Tax Board web site.
 - ✓ While there have been previous concepts along these lines extending back to the 1970s, they generally have been made as stand-alone proposals or oriented more to producing efficiencies beyond what is even remotely possible within the current program structure that has evolved since then. However, to be effective in restoring economic mobility, this concept as proposed needs to be done in concert with the other recommendations in this report. Without serious reforms to reduce the costs of living, the potential benefits from this approach simply erode over time much as the existing benefits have been doing. Without the job and education components, this approach may ready households to move up economically, but present them with fewer opportunities to do so.
 - ✓ While some of the elements may be accomplished through waivers, the full efficiencies and required flexibility will require both state and federal legislation.

Policy Recommendations: Education & Training

When asked directly about what the business community could do to improve the economic mobility of their workers, focus group respondents suggest flexible hours to accommodate school schedules, on-the-job training and apprenticeship programs. [1]

Half of survey respondents were asked about the perceived value of vocational education programs in high school in order to prepare them for the workplace, and the other half were asked about the perceived value of college preparatory classes in high school. An overwhelming majority noted that they would have found vocational education (80%) or college preparatory classes (74%) helpful while in high school to better prepare them for work. [3]

At the beginning of the 20th Century, the economy faced a similar, but far more pervasive technology wave as agriculture transformed and tens of millions of workers with low education levels moved to the cities. The response then was the High School Movement which took what was once available only to a relative few, and made this stage of education universally available. In the process, worker skills overall made a leap forward, helping the US transform into the most productive industrial economy on the planet.

At the beginning of the 21st Century, California along with the other developed economies is faced with another technology wave that over time is likely to change many existing occupations and the overall nature of work. The existing public school system, still largely based on the models from the 20th Century, is only preparing a portion of the population for these shifts.

California in particular must also cope with two demographic challenges:

- We have the highest percentage among the states of adults aged 25 and older with less than a high school education. With declines in the traditional industries that provided this demographic with higher paying jobs in the past, no meaningful progress on reducing poverty let alone promoting economic mobility is possible without addressing their circumstances.
- Youth employment has crashed. The early development of work place skills and experience that once provided another path towards higher lifetime earnings is increasingly not available.

In addition, these challenges are exacerbated within specific population groups where current skills and workforce training remains limited or ineffective, including former inmates, farm workers, and adult immigrants with lower educational attainment.

In a time of transition when required skill levels are likely to change substantially for many occupations—both the current mix and the yet-to-be-known evolving structure—California schools remain largely focused on college-track education. And in this respect, the results—whether measured by the persistent gaps in grade proficiency levels or the equally persistent gaps in the

percentage of students graduating with the A-G coursework required for admission to University of California and California State University—suggest that the public schools no longer are functioning as the primary asset for adjusting to technological change, but instead now come close to serving as a winnowing process that risks relegating another generation—especially Blacks, Latinos, and low-income students overall—to the income levels in which they are now without the skills necessary for upward mobility in a changing state.

This current state of education in California also threatens to intensify the current two-tier nature of jobs creation by failing to provide the home-grown skills required for a competitive workforce in future years. Employers are already facing this disconnect in industries as varied as Silicon Valley and construction, where workers at the required skill levels are not being produced in adequate numbers through the state’s schools but instead must be filled by increasing reliance on workers coming in from other states and other countries. This disconnect between skills demand and skills supply produced through the state’s schools will only intensify as the current workforce continues to age, and Baby Boomer retirements produce a corresponding spike in the need for replacements.

Without new options that open up higher pay jobs for students, the state is simply recreating the generational circumstances that will lock in California as the state with the highest poverty rate for years to come. Without changes that produce better outcomes for all students—in particular Latinos, Blacks, and low income Californians overall—the schools also risk becoming a means of perpetuating the current economic divides rather than being the path to upward mobility for these demographics.

7. Reshape Public Education from K-12 to K-14

Regardless of the net effect on the number of jobs, the current technology trends are likely to require an increasing level of skills for many occupations, especially for those paying higher than minimum wage. The public schools now fail to instill these skills across many demographics. The Community Colleges are an existing resource that can be used to ensure broader dispersion.

- For students not otherwise going directly to a 4-year college or university, provide universal Community College for students enrolled in a certificate program or an AA/AS for Transfer program. Currently, just under half of students attend community college tuition-free, while another fifth receive grants and scholarships achieving nearly the same result. The range of programs provided through this system contains the necessarily broad opportunities that can prepare students for higher paying jobs, whether through the career technical education route available through certification program or preparation for 4-year institutions through the AA/AS Transfer degree. The community colleges also embody the concept of “stackable certificates” that enables students to obtain the skills needed immediately for higher paying jobs, while building the base for further education and training in the future that can lead to other job opportunities or a 4-year degree.
- Given the high percentage of students already attending tuition free, the costs of this concept is difficult to estimate. In 2015, 47% of Californians age 18-24 were in college, with 30% of that group in community college. Applying these factors to the 2015-16 cohort results, at maximum, in the community colleges accommodating about another 500,000 students each 2-year period. At the 2017-18 annual per student funding rate, the additional

cost would be \$2.6 billion but likely smaller given that not all this group would attend, not all would go full time or the full two years, and many already qualify for tuition-free attendance and would not represent an addition to current costs within the system. Potential funding sources, however, for this and the related components below would include the following:

- ✓ Redirection of administrative costs related to the programs transformed into a broader state EITC, including funds currently allocated for this purpose from federal, state, and local sources.
- ✓ As contained within Recommendation 1, consolidation of local agency services would also free up existing property tax revenues for reallocation to the community college districts.
- The overall costs and effectiveness of this system is also dependent on improving completion rates, facilitating the transfer process, and reducing the current situation where Community College students take substantially more than two years to complete their transfer requirements, but then take 6.4 years to finish a BA degree at UC and 7 years at a CSU.⁷
 - ✓ Achieve greater standardization of General Education requirements across the three higher education systems so that students have greater certainty on the required courses and that students from any Community College have the ability to transfer to any CSU or UC without the need to take additional courses after transfer. The state's private universities should be invited to participate in this effort as well.
 - ✓ Simplify/standardize the transfer process to a CSU or UC 4-year degree program through the AA/AS Transfer degree.

It is important to recognize, however, that reshaping public education to K-14 is a response to the increasing technical demands likely to be faced in many if not most future occupations. Simply adding two years, however, is not a substitute for continuing efforts at the K-12 levels to reintroduce career technical education early both as a component of teaching life skills now absent in the public schools and as an early introduction to a broader range of career paths leading to higher life-time earnings. Simply adding two years also is not a replacement for the continuing need to improve public school outcomes overall including equal access to the A-G offerings, especially for the demographics—including Latinos, Blacks, and low income students—not being fully served by the current system.

8. Allow Dual Enrollment for Students Beginning in Their Junior Year

While some funding has been added in recent years for career technical education (CTE)—in particular funds from the various training and assistance programs described in the project's report—the funding still remains well below levels previously provided through the schools to provide alternative paths leading to higher paying jobs. More critically, they remain well below the levels required to provide viable alternatives—including paths that eventually lead to a 4-year degree—for the major demographic components not being prepared for the 4-year institutions and those who otherwise drop out because the schools do not provide them with these options. To

complement these existing efforts, dual enrollment provides a pathway to increase the CTE options substantially within a short time frame that can immediately provide options to students currently within the K-12 schools. Dual enrollment would also contribute to degree completion rates by giving students options beyond those that now exist only through AP courses.

- For students choosing this education option, require that they continue to complete the core requirements in their first two years of high school, but provide for dual enrollment in classes at the local community college beginning their junior year. These courses should be in a certificate program, leading into further skills development following graduation or into an AA/AS Transferable degree program.
- Propose a bond—including consideration of a multi-year bond package—to finance the required capital additions at the community colleges. Ongoing funding would be from the current LCFF apportionments attributable to the students choosing this option, distributed between the school district and community college based on classes taken.

9. Expand Online Learning

Governor Brown's Proposed Budget for 2018-19 calls for creation of a California Online College, to provide an alternative skills development option for those who lack the time or, often due to related high housing costs, the ability to enroll in traditional classes. This proposal is fully consistent with the skills training needs and a means to overcome some of the skills training barriers identified in the project's research. Expanded to incorporate considerations under Recommendations 7, 8, and 10, this proposal also can be an efficient means to help accomplish these recommendations at lower overall cost while also accelerating degree completion rates.

10. Expand Apprenticeships

A number of northern European countries have been able to achieve very low youth unemployment rates while also supporting retention and expansion of jobs in traditional blue collar, middle class wage industries through extensive apprenticeship programs. This option is possible in those economies due to differing labor laws and customs and through laws that accommodate employer participation that would not be allowed in the US under its anti-trust laws. As a result, it is far more difficult to sustain such programs in the US as employers are reluctant to incur the substantial training costs involved without assurances that apprentices will go on to become employees. Consequently, programs such as this require relatively higher involvement by the schools or other public agencies.

California does have an active apprentice program for the building trades, along with others in areas such as automotive, barbers, information technology, health services, and hospitality. Many of these, however, are local efforts and do not provide the scale of opportunities needed to deal with the potential demand as measured by such factors as the drop in youth employment, drop-outs, and high school graduates who do not go on to college. Expansion potential is also limited by the fact that current programs have been developed on an individual basis, rather than a structure that applies universally and can be applied to a broader range of occupations and population. In the most recent report,⁸ California in 2016 had only 74,000 active apprentices, and 9,000 total

completions. The potential applications, however, are much broader including gateway occupations into the state's higher wage industries.

- Convene working group of state business associations, including those in Silicon Valley, to identify occupations amenable to apprenticeships and develop recommendations for changes to state law required to produce a broader effort tied more closely to the state's educational systems. This step should be expansive and look at a broader range of occupations beyond those traditionally covered by apprenticeships, as a means to broaden the in-state training options to match with areas of looming skill shortages and to expand the opportunities, especially for the student populations with currently unacceptable educational outcomes, to augment existing education and training programs with applied experience. In the second stage, broaden the group to include community colleges and other interests to develop specific programs.
- Incorporate apprenticeship opportunities/requirements into the certificate programs under Recommendations 7 and 8 to build experience and reduce dropout rates.
- As applicable, incorporate apprenticeship periods as alternative to satisfy any experience requirements for licensing as discussed under Recommendation 4.

Attachment: Program Benefit Examples

Based on the information contained in the project's Report on California Public Assistance Programs & Economic Mobility [6], the following charts illustrate the interactions of the different eligibility under the current public assistance programs, along with examples of the effects of instead providing the assistance directly through an expanded state EITC.

The examples are based on the following sample households:

- Single adult.
- Single parent with one child, head of household tax filing status.
- Single parent with two children, head of household tax filing status.
- Married adults, no children, joint filing.
- Married adults, one child, joint filing.
- Married adults, two children, joint filing.

To simplify the presentation and the calculations, all examples assume income only from wage and salary earned income, with no other sources including interest, dividends and capital gains, pensions, IRA distributions, social security, alimony, veteran's benefits, SSI/SSP, and unemployment compensation. No family members are assumed to be over 65, blind, or disabled. Taxes assume use of the standard deduction, with no additional credits for items such as educator expenses, IRA, student loan interest, and tuition and fees. All households are assumed to be renters, with asset levels complying with the various assistance program requirements. These assumptions allow earned income to also be treated as AGI.

The tables compare three wage level scenarios in 2022 at the full base expansion of the California minimum wage: \$15 an hour to reflect the minimum wage in that year, hypothetical \$10 to illustrate the net income effect of this measure when considering effects on taxes and program eligibility, and \$20 to illustrate a third, more upwardly mobile step beyond minimum wage. Calculations are made with all adults working part time (20 hours a week) and full time (40 hours a week), with no adjustment for the potential effect of the higher minimum wage on usual hours worked.

Items adjusted by the CPI and components of the California CPI use the California Department of Finance projections, with the rate for 2022 extended from 2021. Federal tax items now subject to the Chained CPI are adjusted to 2022 using the CPI projections less 0.25%.

Federal tax calculations are based on the recent federal tax reform. State tax calculations are based on current state law, and assume no changes to conform to the federal reforms.

Benefit estimates are based on the factors discussed in the project's Programs report [6], with adjustments to estimated 2022 factors and payments. All estimates are based on the maximum amount available to each example family, although actual eligibility and benefit receipts would also vary based on children's ages, actual use of the different benefit programs, and other factors including caseload capacity in each of the programs (e.g., rental assistance).

CalWORKS is based on current program calculations applied to the earned income levels, using the Region 1 factors and assuming all family members are non-exempt.

CalFresh benefits similarly are calculated from earned income, but assume maximum adjustments for shelter and utility costs.

Childcare is based on the California Department of Education Family Monthly Fee Schedule. The benefit amount is estimated as the difference between the maximum and calculated fee amounts, with the calculated fee amount used to determine the child and dependent care tax credit. The benefits also assume full time childcare for each child.

School lunch benefit amounts are estimated based on an average of breakfast and school lunch prices charged in several school districts. The benefit amount for free meals is estimated as the average full price charged. The benefit amount for reduced price meals is estimated as the difference between full price and reduced price, with each child eating both breakfast and lunch each day.

Medi-Cal benefits are estimated from the most recent cost per eligible from the California Department of Health Care Services, although a valuation based on comparison to similar plans available through Covered California would show a higher benefit level. These amounts are adjusted to 2022 using projections from Centers for Medicare & Medicaid Services for the Personal Health Care Price Index, although other recent estimates show more rapidly growing costs.

Benefit estimates for health insurance subsidies through Covered California are based on the current average cost (all ages and rating zones) for a Silver Plan, adjusted to 2022 using the Personal Health Care Price Index, although recent cost changes exceed these levels significantly.

Utility subsidy estimates are based on current per household or per eligible person amounts, distributed over the potentially eligible population amount when caseload is not available.

Housing assistance is based on the average household Section 8 assistance amount for California from the Department of Housing & Urban Development.

These tables cover the primary, more generally application public assistance programs. They do not cover all the programs and assistance for which individuals and families would be eligible based on specific circumstances, including WIC, SSI/SPP, veterans' benefits, unemployment insurance, disability payments, tuition, job training and other benefits provided as services rather than cash assistance, and others.

Finally, the tables show two scenarios: (1) benefits under the existing programs and (2) benefits as they would be affected by at least one approach to implementing this report's recommendations for an expanded state EITC. Combined, these tables can be used to illustrate the effects of this

proposed policy change, along with other factors discussed in the project's research, including the difficulty of maintaining these benefit levels given the differing eligibility and availability of the various programs, the impact on poverty and mobility by state policies that facilitate jobs creation at higher wage levels and with higher available hours per work, and the immediate impact on poverty from two-wage earner households.

For example, ignoring any other effects such as decrease in available hours or effects on living costs as identified by low income Californians in the project research, the net effects of the rise in minimum wage can be shown by comparing the \$10 an hour and \$15 estimates. For a single parent with two children working full time, the \$5 dollar an hour increase results in an effective after tax increase of \$3.40. Taking into account the effects on program eligibility, the total net change is the equivalent of only \$1.03 an hour in total income and benefits, an amount easily overtaken by cost rises in housing, food, energy, and commuting. This net result fully illustrates the frustration voiced by many lower income Californians in their inability to get ahead economically.

Comparing the two sets of tables illustrates the effect of the proposed higher state EITC. Looking at the same household, going from working part time to full time at \$15 an hour produces little change in the total potential income and benefits—the increase in after tax income is essentially offset by a reduction in benefits under the current multiple-program benefits structure. There is no incentive to increase work. Shifting the programs to an EITC not only frees resources now used by agencies for administrative and program purposes, but produces a net increase in resources in this example. While the net total potential benefits is somewhat lower here, the benefit flow is tied more closely with earned income increases and adjustments in the final numbers can be made to produce results different from those in the two times federal EITC assumed here.

Current Programs 2022: Part Time Work; \$10/hour

Filing Status	Single	Single, HofH	Single, HofH	Married, Joint	Married, Joint	Married, Joint
<i>Number of Children</i>	0	1	2	0	1	2
Earned Income	10,400	10,400	10,400	20,800	20,800	20,800
Payroll Taxes	900	900	900	1,800	1,800	1,800
<i>Disposable Income</i>	9,500	9,500	9,500	19,000	19,000	19,000
Federal PIT						
Standard Deduction	12,930	19,400	19,400	25,870	25,870	25,870
AGI	0	0	0	0	0	0
Tax	0	0	0	0	0	0
Nonrefundable Credits						
<i>Child & Dependent Care Credit</i>	0	0	0	0	0	0
<i>Child Credit</i>	0	650	1,300	0	650	1,300
Net Tax	0	0	0	0	0	0
Refundable Credits						
<i>EITC</i>	460	3,540	4,440	140	3,740	6,170
<i>Child Credit</i>	0	1,510	3,020	0	1,510	3,020
Tax Owed (Refund)	-460	-5,050	-7,460	-140	-5,250	-9,190
<i>Income After Federal Tax</i>	9,960	14,550	16,960	19,140	24,250	28,190
State PIT						
Standard Deduction	4,710	9,420	9,420	9,420	9,420	9,420
Exemptions	130	520	910	260	650	1,040
AGI	5,560	460	70	11,120	10,730	10,340
Tax	60	0	0	110	110	100
Nonrefundable Credits						
<i>Child & Dependent Care Credit</i>	0	0	0	0	0	0
<i>Renters Credit</i>	70	130	130	130	130	130
Net Tax	0	0	0	0	0	0
Refundable Credits						
<i>EITC</i>	60	300	1,930	0	80	120
Tax Owed (Refund)	-60	-300	-1,930	0	-80	-120
<i>Income After Federal & State Tax</i>	10,020	14,850	18,890	19,140	24,330	28,310
Benefits						
CalWORKS Grant	0	3,440	5,780	0	580	2,920
CalFresh Benefit	2,520	4,560	6,600	2,080	4,120	5,680
Childcare	0	7,900	15,800	0	7,900	15,800
School Lunch	0	630	1,260	0	630	1,260
Medi-Cal	6,500	13,000	19,500	13,000	19,500	26,000
Covered California	0	0	0	0	0	0
Utility Subsidies	1,670	2,050	2,050	1,860	2,050	2,240
Housing Assistance	1,150	1,150	1,150	1,150	1,150	1,150
Total Benefits	11,840	32,730	52,140	18,090	35,930	55,050
Total Income & Benefits	21,860	47,580	71,030	37,230	60,260	83,360
<i>Estimated Poverty Level</i>	13,210	17,920	22,620	17,920	22,620	27,320

Current Programs 2022: Part Time Work; \$15/hour

Filing Status	Single	Single, HofH	Single, HofH	Married, Joint	Married, Joint	Married, Joint
<i>Number of Children</i>	0	1	2	0	1	2
Earned Income	15,600	15,600	15,600	31,200	31,200	31,200
Payroll Taxes	1,350	1,350	1,350	2,700	2,700	2,700
<i>Disposable Income</i>	14,250	14,250	14,250	28,500	28,500	28,500
Federal PIT						
Standard Deduction	12,930	19,400	19,400	25,870	25,870	25,870
AGI	2,670	0	0	5,330	5,330	5,330
Tax	270	0	0	530	530	530
Nonrefundable Credits						
<i>Child & Dependent Care Credit</i>	0	0	0	0	0	0
<i>Child Credit</i>	0	650	1,300	0	650	1,300
Net Tax	270	0	0	530	0	0
Refundable Credits						
<i>EITC</i>	70	3,740	6,170	0	2,960	5,140
<i>Child Credit</i>	0	1,510	3,020	0	1,510	3,020
Tax Owed (Refund)	200	-5,250	-9,190	530	-4,470	-8,160
<i>Income After Federal Tax</i>	14,050	19,500	23,440	27,970	32,970	36,660
State PIT						
Standard Deduction	4,710	9,420	9,420	9,420	9,420	9,420
Exemptions	130	520	910	260	650	1,040
AGI	10,760	5,660	5,270	21,520	21,130	20,740
Tax	120	60	50	250	240	230
Nonrefundable Credits						
<i>Child & Dependent Care Credit</i>	0	0	0	0	0	0
<i>Renters Credit</i>	70	130	130	130	130	130
Net Tax	50	0	0	120	110	100
Refundable Credits						
<i>EITC</i>	10	180	270	0	0	0
Tax Owed (Refund)	40	-180	-270	120	110	100
<i>Income After Federal & State Tax</i>	14,010	19,680	23,710	27,850	32,860	36,560
Benefits						
CalWORKS Grant	0	840	3,180	0	0	0
CalFresh Benefit	2,520	4,560	6,600	0	0	0
Childcare	0	7,900	15,800	0	7,900	15,800
School Lunch	0	630	1,260	0	500	1,260
Medi-Cal	6,500	13,000	19,500	0	19,500	26,000
Covered California	0	0	0	9,550	0	0
Utility Subsidies	1,670	2,050	2,050	1,920	2,050	2,240
Housing Assistance	1,150	1,150	1,150	1,150	1,150	1,150
Total Benefits	11,840	30,130	49,540	12,620	31,100	46,450
Total Income & Benefits	25,850	49,810	73,250	40,470	63,960	83,010
<i>Estimated Poverty Level</i>	13,210	17,920	22,620	17,920	22,620	27,320

Current Programs 2022: Part Time Work; \$20/hour

Filing Status	Single	Single, HofH	Single, HofH	Married, Joint	Married, Joint	Married, Joint
<i>Number of Children</i>	0	1	2	0	1	2
Earned Income	20,800	20,800	20,800	41,600	41,600	41,600
Payroll Taxes	1,800	1,800	1,800	3,600	3,600	3,600
<i>Disposable Income</i>	19,000	19,000	19,000	38,000	38,000	38,000
Federal PIT						
Standard Deduction	12,930	19,400	19,400	25,870	25,870	25,870
AGI	7,870	1,400	1,400	15,730	15,730	15,730
Tax	790	140	140	1,570	1,570	1,570
Nonrefundable Credits						
<i>Child & Dependent Care Credit</i>	0	0	0	0	550	300
<i>Child Credit</i>	0	650	1,300	0	650	1,300
Net Tax	790	0	0	1,570	370	0
Refundable Credits						
<i>EITC</i>	0	3,640	6,030	0	1,290	2,950
<i>Child Credit</i>	0	1,510	3,020	0	1,510	3,020
Tax Owed (Refund)	790	-5,150	-9,050	1,570	-2,430	-5,970
<i>Income After Federal Tax</i>	18,210	24,150	28,050	36,430	40,430	43,970
State PIT						
Standard Deduction	4,710	9,420	9,420	9,420	9,420	9,420
Exemptions	130	520	910	260	650	1,040
AGI	15,960	10,860	10,470	31,920	31,530	31,140
Tax	230	110	100	460	450	440
Nonrefundable Credits						
<i>Child & Dependent Care Credit</i>	0	0	0	0	280	150
<i>Renters Credit</i>	70	130	130	130	130	130
Net Tax	160	0	0	330	40	160
Refundable Credits						
<i>EITC</i>	0	80	120	0	0	0
Tax Owed (Refund)	160	-80	-120	330	40	160
<i>Income After Federal & State Tax</i>	18,050	24,230	28,170	36,100	40,390	43,810
Benefits						
CalWORKS Grant	0	0	580	0	0	0
CalFresh Benefit	40	2,080	4,120	0	0	0
Childcare	0	7,900	15,800	0	6,330	14,100
School Lunch	0	630	1,260	0	500	1,000
Medi-Cal	0	13,000	19,500	0	6,500	13,000
Covered California	5,760	0	0	7,080	7,080	7,080
Utility Subsidies	1,700	2,050	2,050	1,480	2,140	2,360
Housing Assistance	1,150	1,150	1,150	1,150	1,150	1,150
Total Benefits	8,650	26,810	44,460	9,710	23,700	38,690
Total Income & Benefits	26,700	51,040	72,630	45,810	64,090	82,500
<i>Estimated Poverty Level</i>	13,210	17,920	22,620	17,920	22,620	27,320

Current Programs 2022: Full Time Work; \$10/hour

Filing Status	Single	Single, HofH	Single, HofH	Married, Joint	Married, Joint	Married, Joint
<i>Number of Children</i>	0	1	2	0	1	2
Earned Income	20,800	20,800	20,800	41,600	41,600	41,600
Payroll Taxes	1,800	1,800	1,800	3,600	3,600	3,600
<i>Disposable Income</i>	19,000	19,000	19,000	38,000	38,000	38,000
Federal PIT						
Standard Deduction	12,930	19,400	19,400	25,870	25,870	25,870
AGI	7,870	1,400	1,400	15,730	15,730	15,730
Tax	790	140	140	1,570	1,570	1,570
Nonrefundable Credits						
<i>Child & Dependent Care Credit</i>	0	0	0	0	550	300
<i>Child Credit</i>	0	650	1,300	0	650	1,300
Net Tax	790	0	0	1,570	370	0
Refundable Credits						
<i>EITC</i>	0	3,640	6,030	0	1,290	2,950
<i>Child Credit</i>	0	1,510	3,020	0	1,510	3,020
Tax Owed (Refund)	790	-5,150	-9,050	1,570	-2,430	-5,970
<i>Income After Federal Tax</i>	18,210	24,150	28,050	36,430	40,430	43,970
State PIT						
Standard Deduction	4,710	9,420	9,420	9,420	9,420	9,420
Exemptions	130	520	910	260	650	1,040
AGI	15,960	10,860	10,470	31,920	31,530	31,140
Tax	230	110	100	460	450	440
Nonrefundable Credits						
<i>Child & Dependent Care Credit</i>	0	0	0	0	280	150
<i>Renters Credit</i>	70	130	130	130	130	130
Net Tax	160	0	0	330	40	160
Refundable Credits						
<i>EITC</i>	0	80	120	0	0	0
Tax Owed (Refund)	160	-80	-120	330	40	160
<i>Income After Federal & State Tax</i>	18,050	24,230	28,170	36,100	40,390	43,810
Benefits						
CalWORKS Grant	0	0	580	0	0	0
CalFresh Benefit	40	2,080	4,120	0	0	0
Childcare	0	7,900	15,800	0	6,330	14,100
School Lunch	0	630	1,260	0	500	1,000
Medi-Cal	0	13,000	19,500	0	6,500	13,000
Covered California	5,760	0	0	7,080	7,080	7,080
Utility Subsidies	1,700	2,050	2,050	1,480	2,140	2,360
Housing Assistance	1,150	1,150	1,150	1,150	1,150	1,150
Total Benefits	8,650	26,810	44,460	9,710	23,700	38,690
Total Income & Benefits	26,700	51,040	72,630	45,810	64,090	82,500
<i>Estimated Poverty Level</i>	13,210	17,920	22,620	17,920	22,620	27,320

Current Programs 2022: Full Time Work; \$15/hour

Filing Status	Single	Single, HofH	Single, HofH	Married, Joint	Married, Joint	Married, Joint
<i>Number of Children</i>	0	1	2	0	1	2
Earned Income	31,200	31,200	31,200	62,400	62,400	62,400
Payroll Taxes	2,700	2,700	2,700	5,400	5,400	5,400
<i>Disposable Income</i>	28,500	28,500	28,500	57,000	57,000	57,000
Federal PIT						
Standard Deduction	12,930	19,400	19,400	25,870	25,870	25,870
AGI	18,270	11,800	11,800	36,530	36,530	36,530
Tax	1,990	1,180	1,180	3,970	3,970	3,970
Nonrefundable Credits						
<i>Child & Dependent Care Credit</i>	0	0	0	0	750	1,020
<i>Child Credit</i>	0	650	1,300	0	650	1,300
Net Tax	1,990	530	0	3,970	2,570	1,650
Refundable Credits						
<i>EITC</i>	0	1,970	3,850	0	0	0
<i>Child Credit</i>	0	1,510	3,020	0	1,510	3,020
Tax Owed (Refund)	1,990	-2,950	-6,870	3,970	1,060	-1,370
<i>Income After Federal Tax</i>	26,510	31,450	35,370	53,030	55,940	58,370
State PIT						
Standard Deduction	4,710	9,420	9,420	9,420	9,420	9,420
Exemptions	130	520	910	260	650	1,040
AGI	26,360	21,260	20,870	52,720	52,330	51,940
Tax	530	240	230	1,060	1,040	1,030
Nonrefundable Credits						
<i>Child & Dependent Care Credit</i>	0	0	0	0	260	350
<i>Renters Credit</i>	70	130	130	130	130	130
Net Tax	460	110	100	930	650	550
Refundable Credits						
<i>EITC</i>	0	0	0	0	0	0
Tax Owed (Refund)	460	110	100	930	650	550
<i>Income After Federal & State Tax</i>	26,050	31,340	35,270	52,100	55,290	57,820
Benefits						
CalWORKS Grant	0	0	0	0	0	0
CalFresh Benefit	0	0	0	0	0	0
Childcare	0	7,900	15,800	0	2,240	7,680
School Lunch	0	500	1,000	0	0	0
Medi-Cal	0	6,500	19,500	0	0	13,000
Covered California	4,780	4,780	0	0	0	0
Utility Subsidies	0	2,050	2,050	0	0	1,480
Housing Assistance	0	1,150	1,150	0	0	0
Total Benefits	4,780	22,880	39,500	0	2,240	22,160
Total Income & Benefits	30,830	54,220	74,770	52,100	57,530	79,980
<i>Estimated Poverty Level</i>	13,210	17,920	22,620	17,920	22,620	27,320

Current Programs 2022: Full Time Work; \$20/hour

Filing Status	Single	Single, HofH	Single, HofH	Married, Joint	Married, Joint	Married, Joint
<i>Number of Children</i>	0	1	2	0	1	2
Earned Income	41,600	41,600	41,600	83,200	83,200	83,200
Payroll Taxes	3,600	3,600	3,600	7,200	7,200	7,200
<i>Disposable Income</i>	38,000	38,000	38,000	76,000	76,000	76,000
Federal PIT						
Standard Deduction	12,930	19,400	19,400	25,870	25,870	25,870
AGI	28,670	22,200	22,200	57,330	57,330	57,330
Tax	3,240	2,370	2,370	6,470	6,470	6,470
Nonrefundable Credits						
<i>Child & Dependent Care Credit</i>	0	760	500	0	600	1,200
<i>Child Credit</i>	0	650	1,300	0	650	1,300
Net Tax	3,240	960	570	6,470	5,220	3,970
Refundable Credits						
<i>EITC</i>	0	310	1,660	0	0	0
<i>Child Credit</i>	0	1,510	3,020	0	1,510	3,020
Tax Owed (Refund)	3,240	-860	-4,110	6,470	3,710	950
<i>Income After Federal Tax</i>	34,760	38,860	42,110	69,530	72,290	75,050
State PIT						
Standard Deduction	4,710	9,420	9,420	9,420	9,420	9,420
Exemptions	130	520	910	260	650	1,040
AGI	36,760	31,660	31,270	73,520	73,130	72,740
Tax	1,000	450	440	1,990	1,970	1,950
Nonrefundable Credits						
<i>Child & Dependent Care Credit</i>	0	380	250	0	200	410
<i>Renters Credit</i>	70	130	130	130	130	130
Net Tax	930	0	60	1,860	1,640	1,410
Refundable Credits						
<i>EITC</i>	0	0	0	0	0	0
Tax Owed (Refund)	930	0	60	1,860	1,640	1,410
<i>Income After Federal & State Tax</i>	33,830	38,860	42,050	67,670	70,650	73,640
Benefits						
CalWORKS Grant	0	0	0	0	0	0
CalFresh Benefit	0	0	0	0	0	0
Childcare	0	5,540	12,660	0	0	1,740
School Lunch	0	0	1,000	0	0	0
Medi-Cal	0	6,500	13,000	0	0	0
Covered California	3,540	3,540	3,540	0	0	0
Utility Subsidies	0	2,140	2,140	0	0	0
Housing Assistance	0	1,150	1,150	0	0	0
Total Benefits	3,540	18,870	33,490	0	0	1,740
Total Income & Benefits	37,370	57,730	75,540	67,670	70,650	75,380
<i>Estimated Poverty Level</i>	13,210	17,920	22,620	17,920	22,620	27,320

Expanded State EITC (2 x Federal) 2022: Part Time Work; \$15/hour

Filing Status	Single	Single, HofH	Single, HofH	Married, Joint	Married, Joint	Married, Joint
<i>Number of Children</i>	0	1	2	0	1	2
Earned Income	15,600	15,600	15,600	31,200	31,200	31,200
Payroll Taxes	1,350	1,350	1,350	2,700	2,700	2,700
<i>Disposable Income</i>	14,250	14,250	14,250	28,500	28,500	28,500
Federal PIT						
Standard Deduction	12,930	19,400	19,400	25,870	25,870	25,870
AGI	2,670	0	0	5,330	5,330	5,330
Tax	270	0	0	530	530	530
Nonrefundable Credits						
<i>Child & Dependent Care Credit</i>	0	0	0	0	0	0
<i>Child Credit</i>	0	650	1,300	0	650	1,300
Net Tax	270	0	0	530	0	0
Refundable Credits						
<i>EITC</i>	70	3,740	6,170	0	2,960	5,140
<i>Child Credit</i>	0	1,510	3,020	0	1,510	3,020
Tax Owed (Refund)	200	-5,250	-9,190	530	-4,470	-8,160
<i>Income After Federal Tax</i>	14,050	19,500	23,440	27,970	32,970	36,660
State PIT						
Standard Deduction	4,710	9,420	9,420	9,420	9,420	9,420
Exemptions	130	520	910	260	650	1,040
AGI	10,760	5,660	5,270	21,520	21,130	20,740
Tax	120	60	50	250	240	230
Nonrefundable Credits						
<i>Child & Dependent Care Credit</i>	0	0	0	0	0	0
<i>Renters Credit</i>	70	130	130	130	130	130
Net Tax	50	0	0	120	110	100
Refundable Credits						
<i>EITC</i>	140	7,480	12,340	0	5,920	10,280
Tax Owed (Refund)	-90	-7,480	-12,340	120	-5,810	-10,180
<i>Income After Federal & State Tax</i>	14,140	26,980	35,780	27,850	38,780	46,840
Benefits						
School Lunch	0	630	1,260	0	500	1,260
Medi-Cal	6,500	13,000	19,500	0	19,500	26,000
Covered California	0	0	0	9,550	0	0
Total Benefits	6,500	13,630	20,760	9,550	20,000	27,260
Total Income & Benefits	20,640	40,610	56,540	37,400	58,780	74,100
<i>Estimated Poverty Level</i>	13,210	17,920	22,620	17,920	22,620	27,320

Expanded State EITC (2 x Federal) 2022: Part Time Work; \$20/hour

Filing Status	Single	Single, HofH	Single, HofH	Married, Joint	Married, Joint	Married, Joint
<i>Number of Children</i>	<i>0</i>	<i>1</i>	<i>2</i>	<i>0</i>	<i>1</i>	<i>2</i>
Earned Income	20,800	20,800	20,800	41,600	41,600	41,600
Payroll Taxes	1,800	1,800	1,800	3,600	3,600	3,600
<i>Disposable Income</i>	19,000	19,000	19,000	38,000	38,000	38,000
Federal PIT						
Standard Deduction	12,930	19,400	19,400	25,870	25,870	25,870
AGI	7,870	1,400	1,400	15,730	15,730	15,730
Tax	790	140	140	1,570	1,570	1,570
Nonrefundable Credits						
<i>Child & Dependent Care Credit</i>	0	0	0	0	550	300
<i>Child Credit</i>	0	650	1,300	0	650	1,300
Net Tax	790	0	0	1,570	370	0
Refundable Credits						
<i>EITC</i>	0	3,640	6,030	0	1,290	2,950
<i>Child Credit</i>	0	1,510	3,020	0	1,510	3,020
Tax Owed (Refund)	790	-5,150	-9,050	1,570	-2,430	-5,970
<i>Income After Federal Tax</i>	18,210	24,150	28,050	36,430	40,430	43,970
State PIT						
Standard Deduction	4,710	9,420	9,420	9,420	9,420	9,420
Exemptions	130	520	910	260	650	1,040
AGI	15,960	10,860	10,470	31,920	31,530	31,140
Tax	230	110	100	460	450	440
Nonrefundable Credits						
<i>Child & Dependent Care Credit</i>	0	0	0	0	280	150
<i>Renters Credit</i>	70	130	130	130	130	130
Net Tax	160	0	0	330	40	160
Refundable Credits						
<i>EITC</i>	0	7,280	12,060	0	2,580	5,900
Tax Owed (Refund)	160	-7,280	-12,060	330	-2,540	-5,740
<i>Income After Federal & State Tax</i>	18,050	31,430	40,110	36,100	42,970	49,710
Benefits						
School Lunch	0	630	1,260	0	500	1,000
Medi-Cal	0	13,000	19,500	0	6,500	13,000
Covered California	5,760	0	0	7,080	7,080	7,080
Total Benefits	5,760	13,630	20,760	7,080	14,080	21,080
Total Income & Benefits	23,810	45,060	60,870	43,180	57,050	70,790
<i>Estimated Poverty Level</i>	13,210	17,920	22,620	17,920	22,620	27,320

Expanded State EITC (2 x Federal) 2022: Full Time Work; \$15/hour

Filing Status	Single	Single, HofH	Single, HofH	Married, Joint	Married, Joint	Married, Joint
<i>Number of Children</i>	0	1	2	0	1	2
Earned Income	31,200	31,200	31,200	62,400	62,400	62,400
Payroll Taxes	2,700	2,700	2,700	5,400	5,400	5,400
<i>Disposable Income</i>	28,500	28,500	28,500	57,000	57,000	57,000
Federal PIT						
Standard Deduction	12,930	19,400	19,400	25,870	25,870	25,870
AGI	18,270	11,800	11,800	36,530	36,530	36,530
Tax	1,990	1,180	1,180	3,970	3,970	3,970
Nonrefundable Credits						
<i>Child & Dependent Care Credit</i>	0	0	0	0	750	1,020
<i>Child Credit</i>	0	650	1,300	0	650	1,300
Net Tax	1,990	530	0	3,970	2,570	1,650
Refundable Credits						
<i>EITC</i>	0	1,970	3,850	0	0	0
<i>Child Credit</i>	0	1,510	3,020	0	1,510	3,020
Tax Owed (Refund)	1,990	-2,950	-6,870	3,970	1,060	-1,370
<i>Income After Federal Tax</i>	26,510	31,450	35,370	53,030	55,940	58,370
State PIT						
Standard Deduction	4,710	9,420	9,420	9,420	9,420	9,420
Exemptions	130	520	910	260	650	1,040
AGI	26,360	21,260	20,870	52,720	52,330	51,940
Tax	530	240	230	1,060	1,040	1,030
Nonrefundable Credits						
<i>Child & Dependent Care Credit</i>	0	0	0	0	260	350
<i>Renters Credit</i>	70	130	130	130	130	130
Net Tax	460	110	100	930	650	550
Refundable Credits						
<i>EITC</i>	0	3,940	7,700	0	0	0
Tax Owed (Refund)	460	-3,830	-7,600	930	650	550
<i>Income After Federal & State Tax</i>	26,050	35,280	42,970	52,100	55,290	57,820
Benefits						
School Lunch	0	500	1,000	0	0	0
Medi-Cal	0	6,500	19,500	0	0	13,000
Covered California	4,780	4,780	0	0	0	0
Total Benefits	4,780	11,780	20,500	0	0	13,000
Total Income & Benefits	30,830	47,060	63,470	52,100	55,290	70,820
<i>Estimated Poverty Level</i>	13,210	17,920	22,620	17,920	22,620	27,320

Expanded State EITC (2 x Federal) 2022: Full Time Work; \$20/hour

Filing Status	Single	Single, HofH	Single, HofH	Married, Joint	Married, Joint	Married, Joint
<i>Number of Children</i>	<i>0</i>	<i>1</i>	<i>2</i>	<i>0</i>	<i>1</i>	<i>2</i>
Earned Income	41,600	41,600	41,600	83,200	83,200	83,200
Payroll Taxes	3,600	3,600	3,600	7,200	7,200	7,200
<i>Disposable Income</i>	38,000	38,000	38,000	76,000	76,000	76,000
Federal PIT						
Standard Deduction	12,930	19,400	19,400	25,870	25,870	25,870
AGI	28,670	22,200	22,200	57,330	57,330	57,330
Tax	3,240	2,370	2,370	6,470	6,470	6,470
Nonrefundable Credits						
<i>Child & Dependent Care Credit</i>	0	760	500	0	600	1,200
<i>Child Credit</i>	0	650	1,300	0	650	1,300
Net Tax	3,240	960	570	6,470	5,220	3,970
Refundable Credits						
<i>EITC</i>	0	310	1,660	0	0	0
<i>Child Credit</i>	0	1,510	3,020	0	1,510	3,020
Tax Owed (Refund)	3,240	-860	-4,110	6,470	3,710	950
<i>Income After Federal Tax</i>	34,760	38,860	42,110	69,530	72,290	75,050
State PIT						
Standard Deduction	4,710	9,420	9,420	9,420	9,420	9,420
Exemptions	130	520	910	260	650	1,040
AGI	36,760	31,660	31,270	73,520	73,130	72,740
Tax	1,000	450	440	1,990	1,970	1,950
Nonrefundable Credits						
<i>Child & Dependent Care Credit</i>	0	380	250	0	200	410
<i>Renters Credit</i>	70	130	130	130	130	130
Net Tax	930	0	60	1,860	1,640	1,410
Refundable Credits						
<i>EITC</i>	0	620	3,320	0	0	0
Tax Owed (Refund)	930	-620	-3,260	1,860	1,640	1,410
<i>Income After Federal & State Tax</i>	33,830	39,480	45,370	67,670	70,650	73,640
Benefits						
School Lunch	0	0	1,000	0	0	0
Medi-Cal	0	6,500	13,000	0	0	0
Covered California	3,540	3,540	3,540	0	0	0
Total Benefits	3,540	10,040	17,540	0	0	0
Total Income & Benefits	37,370	49,520	62,910	67,670	70,650	73,640
<i>Estimated Poverty Level</i>	13,210	17,920	22,620	17,920	22,620	27,320

Endnotes

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CALIFORNIA CENTER FOR
JOBS & THE ECONOMY



Jobs, Poverty & Upward Mobility

California Public Assistance Programs & Economic Mobility

*Prepared for
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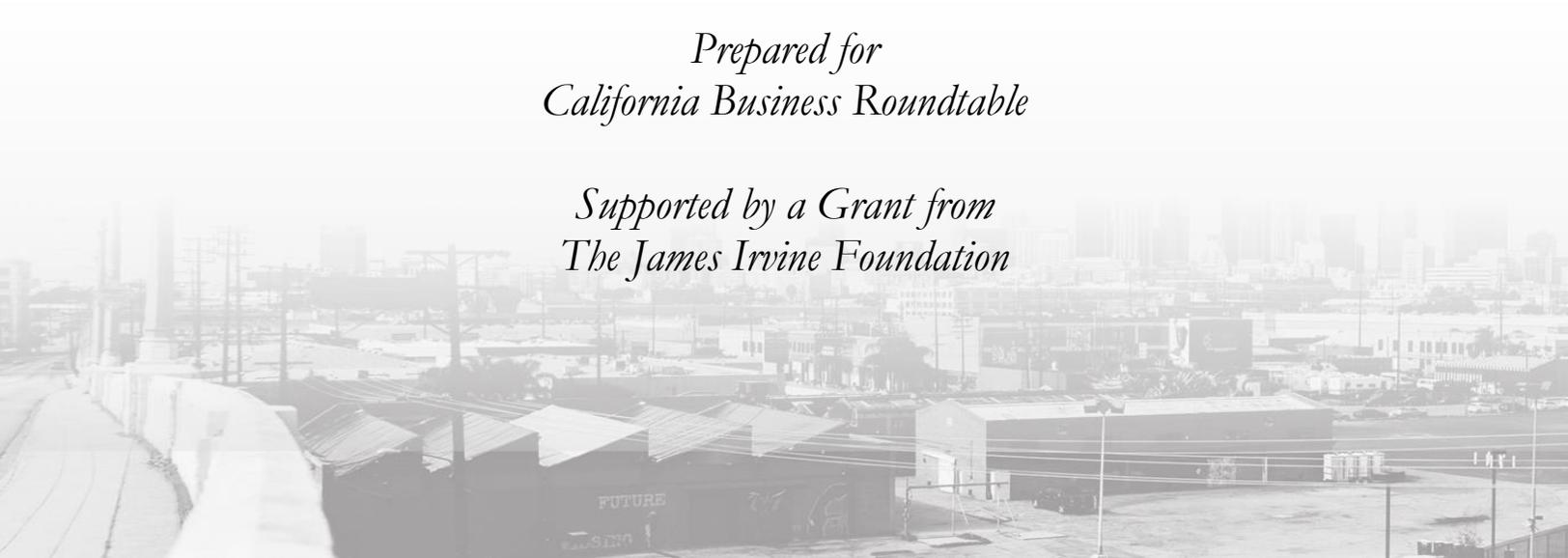


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Summary

Scope and Structure of this Report

Under a grant from The James Irvine Foundation, California Business Roundtable (CBRT) has convened a collaborative process among a broad range of stakeholder groups to address the issues affecting poverty, jobs, and upward mobility in California. As part of this effort, this report identifies the various federal, state, and related local programs that provide income assistance, training, and other services associated with the overall goal of assisting Californians in preparing for, joining, and moving up within the workforce. The report describes the major programs along with funding sources and a general assessment of the applicability of each program to providing Californians with the skills and/or resources to pursue upward mobility in the state's evolving economy.

In discussing these programs, most are necessarily associated with the federal/state/local social safety net and were created as or evolved into primarily anti-poverty programs, both programs seeking to eliminate poverty and increasingly in California, programs to alleviate the effect of poverty in the face of rapidly rising costs of living. The focus of the overall research project, however, is not on poverty in California but rather the challenges, barriers, and effectiveness of existing efforts public and private to facilitate upward economic mobility in the state, in particular paths to pursue higher income employment. This broader approach considers these and related programs from their potential as they are currently structured to promote this goal.

Scope of Existing Programs

As contained in the Summary Table below, this report discusses programs with total expenditures of at least \$209.8 billion in 2017-18 (\$214.5 billion when combined with estimates for other state workforce development and job training programs contained in other state program areas). The state and local administrative costs associated with this program delivery was at least \$12.5 billion, but in total was substantially higher due to the fact that this financial information is not directly available in the budget documents for many of the listed programs.

The programs contained in this table cover the traditional anti-poverty programs such as CalWORKS and CalFresh (food stamps), but also include various efforts to address barriers or challenges facing low income Californians such as the recent Local Control Funding Formula (LCFF) for K-12 schools and various utility assistance programs attempting to compensate for the state's rising energy costs. When incorporating the effect of transferring general fund programs and related revenues to the counties in 2011 along with substantial increases in federal funds especially for healthcare, the amount of expenditures for these purposes has essentially risen continuously since just before the recent recession in 2007-08.

To put these numbers into context—using 2015-16 as the year with the most complete data—the amount spent on these programs was equivalent to 7.4% of the state's total GDP. Using simple averages—distributing the cost of each program over its eligible/target income group expressed as

the number of persons within each income-to-poverty band—the numbers in this table work out to about \$20,200 per person below poverty, composed of direct assistance, program services, and targeted spending intended to improve conditions faced by those in poverty. To put this per person number into context, the CalWORKS Benefits Model in 2016 was based around a structure to provide from \$15,800 (\$0 earned income) to \$16,800 (maximum eligible earned income) in cash benefits for a family with 1 adult and 2 children in poverty. The full range of local, state, and federal programs providing these benefits or providing services to augment the cash assistance works out—in this simple comparison—to about \$60,600 for this size family.

Caseload projections for the traditional income assistance programs show a decline both in current and the next budget year. This trend arises from two basic factors: (1) unemployment is declining, and although labor force participation also remains near historic lows, the California caseload continues to track changes seen in prior economic cycles, and (2) minimum wage is rising under current law. Assuming no attendant effects on available weekly hours or the supply of jobs at this wage level, the caseload projections assume rising wages alone will reduce eligibility and the size of potential benefits per household.

Caseload also continues to be affected by the ongoing trade-offs between providing assistance in cash or in services, grounded in the continuing issue over whether cash assistance provides a disincentive to seek work or, especially when tied to earned income levels, is the most efficient means to deliver on the goals of welfare reform. For example, while other states have allocated their TANF grant funds more to programs, California has been on the upper end of cash assistance, allocating just over 40% to direct benefits in 2015 (Center on Budget and Policy Priorities, January 2017). This amount has declined, however, as the range of allowable activities to meet the work requirements beyond actual employment has grown, although the effect of recent changes to family eligibility and grant amounts has not yet been picked up in this data.

The potential population served has also been affected as the cost of delivering program services continues to rise. IHSS and childcare benefits in particular will face cost pressures as a result of rising minimum wage and recent expansions of benefits. The ongoing steep rise in pension payments and retired employee healthcare costs continues to crowd out actual service delivery in both state and local agencies.

The largest increases shown in the Summary Table have been in areas such as education, health care, IHSS, food stamps, and refundable tax credits. Federal rental payment assistance has also seen significant growth, but driven more by the cost of the assistance required rather than expansion of the number being assisted.

The programs in the Summary Table and this report do not cover all the efforts intended to improve individual incomes and economic opportunities, but instead focus on those more applicable to overcoming barriers to upward mobility faced by individuals and families. Not included are additional components of the social safety net that apply more to an individual's situation related to age, health, veteran status, and other factors rather than means-tested income. These additional components, however, in some cases have far greater effects on cash income levels and income-to-poverty levels than the assistance programs contained in the Summary Table. Programs not covered include: Social Security, Medicare, Unemployment Insurance, Worker's Compensation, Social Security Disability Insurance, Veteran's Disability and other veteran's programs, programs under Department of Developmental Services, programs under Department of Rehabilitation, State

Hospitals, and other transfer payments including child support, alimony, and other cash payments. The Summary Table also does not include most of the broader economic and community development grant and loan programs that are intended to improve employment and wage opportunities within targeted areas, including those of the Economic Development Administration, Small Business Administration, most expenditures from prior and the most recent state housing bonds, and other related federal and state programs.

In addition, the administrative cost estimate only covers those elements where aggregated data is readily available. Not included are programs where these details are not broken out (e.g., most of the education and training programs), county programs for which the costs are not broken out in the state budget or annual financial reports to the State Controller, and the associated federal agency administrative costs related to the state and local grants and direct payments to individuals and families.

General Observations

Public Assistance Programs have Changed from Combating Poverty to Making Poverty Conditions More Tolerable. While many of the programs listed in the Summary Table retain their original focus of moving Californians out of poverty, others have evolved more into a purpose of income support and ameliorating the effects and conditions of poverty rather than combating the underlying causes. This policy shift is perhaps best seen in the increased prominence given to expansion of spending on the state’s poverty programs in recent Governor’s Budget Summaries, under the general heading of “Counteracting the Effects of Poverty.”

This policy shift is also fundamentally grounded in an assumption that many of the core conditions defining the challenges to upward mobility in the state—in particular, the increasing prevalence of low wage, part time jobs outside the Bay Area and the growing cost of housing, energy, and other costs of living—are an inevitable feature of the state’s economic future instead of challenges that can be changed and not just offset through government assistance. This outcome is seen in the increasing use of targeted funds and programs, as contained in the Summary Table, to compensate for the cost effects of state policies in areas such as in energy and housing.

Using these Programs to Mitigate—Rather than Resolve—Rising Costs of Living Only Capable of Reaching a Portion of Those Affected. The difficulty, however, is that as the project’s related focus group and polling research revealed and as the caseload data in this report confirms, these ameliorative programs are not reaching the full range of people affected, are not easily accessible due to qualification limits or application burdens, or at best are capable at reaching only a portion of the populations affected due to available funding. For example, cost of housing was repeatedly cited as a barrier in the project’s focus group and polling research, yet the housing assistance programs focused on the lowest incomes as described in this report remain the primary state response rather than broader reforms to reduce the cost of construction and development and increase overall supply available to low and moderate incomes overall. Rising utility and fuel costs are accepted as a consequence of the state’s current energy policies, yet the assistance programs contained in this report provide at best a modest offset to monthly bills or instead fund consulting services capable of retrofitting only a small percentage of households affected each year.

As a result, only a portion of those in poverty can benefit at a high and increasing per household cost, and those attempting to transition from low to moderate income now face an imposing and growing cost barrier once assistance eligibility vanishes, that with each year becomes harder to overcome.

Barriers to Accessing the Programs Limit Just How Many Californians They Can Reach.

While programs exist to address many of the issues identified in the project's focus group and polling research, access remains a challenge. These are multiple programs created over time, each within separate funding silos with associated administrative, oversight, application, and other transaction costs for those seeking to access these services. Rather than a coherent system, these programs in many cases have evolved as federal priorities evolved over time, with the state programs following and then sent down to the counties to administer. Program services accordingly have developed as separate entities, instead of creating uniform standards of performance and providing recipients with the resources and options to secure what best addresses their situation on their own. The large and somewhat uncertain number of workforce and job training programs pursuing comparable but duplicative and overlapping services is a case in point.

Programs Decide what Benefits Lower Income Californians Will Get, Rather than Providing Resources Allowing Them to Decide What They Need.

While support services can be essential in assisting people in upwards mobility, the dominant mind frame of the programs is to provide these through government funded sources rather than allowing beneficiaries to develop these skills through their family, community support networks, and other avenues of their choosing. Yet, the project's polling reinforced the critical nature of these other sources in coping with the challenges faced in this state. While 61% of the low income Californians polled indicated they had considered moving primarily for lower housing costs, the other 39% cited living close to family/friends as the primary reason (55%) for not doing so. The benefits obtained from these networks outweighed the high costs of remaining in place. The assistance resources discussed in this report, due to their nature as government programs, continue to shift instead to services offered through agencies or contractors that remain based on the agencies' determinations of what is in the best interests of a household.

Program Eligibility Standards Do Not Reflect Income Challenges in California and Its Regions—Severely Restricting Their Potential Effectiveness as Currently Operated.

Individual programs, especially those adopted separately by California, challenge applicants with a broad and inconsistent range of income eligibility criteria. But in particular, the guidelines of the poverty programs and programs supported largely by federal funds are based primarily on federal poverty level either as a hard dividing line or as the base for eligibility determined as a multiple of this income level. As such, the potential for the programs' effectiveness varies widely due to the significant differences in costs of living between California and other states in general, and specifically through the wide differences in living costs between regions in the state. While these disparities reinforce the critical need for actions to reduce rather than subsidize living costs in the state, at least in the near term these cost differences—especially when considering the barriers to labor mobility raised by housing—make the potential effect and eventual success of the current programs structure heavily dependent on geography and where the program beneficiaries live.

Summary Table: Estimated Program Costs: Total (\$ billion; notes at end of Budget & Program Costs section)

Agency	Program	2007-08	2011-12	2015-16	2016-17	2017-18	2018-19
Assistance Programs							
DSS	CalWorks	5.230	4.278	3.797	4.150	3.824	3.829
DSS	County Administration & Automation Projects	1.088	1.471	1.962	1.945	2.004	1.976
DSS	SSI/SSP	3.624	2.722	2.792	2.775	2.864	2.829
DSS	Other Assistance Programs (1)	1.243	0.767	0.929	1.065	1.157	1.159
DSS	Disability Evaluations & Other Services	0.232	0.251	0.266	0.243	0.274	0.277
DCDC	Energy Programs (LIHEAP)	0.114	0.192	0.228	0.285	0.214	0.205
DOPH	Family Health (6)	1.594	1.678	1.491	1.421	1.493	1.485
DHCD	Financial Assistance Program (affordable housing)	1.228	0.473	1.000	0.487	0.653	0.995
FTB	State EITC (10)	0.000	0.000	0.214	0.255	0.395	0.395
CPUC	Universal Service Telephone Programs	0.677	0.464	0.594	0.725	0.996	0.774
	Subtotal, Assistance Programs	15.030	12.297	13.273	13.352	13.875	13.924
Off Budget Assistance							
CPUC	CARE/FERA/ESA (12)	0.000	0.000	1.660	1.676	1.700	1.710
CPUC	California Climate Credit (13)	0.000	0.000	0.249	0.249	0.249	0.249
	Subtotal, Off Budget Assistance	0.000	0.000	1.909	1.925	1.949	1.959
Health Care							
DHCS	Medi-Cal	36.355	43.718	83.710	89.870	100.628	102.103
DHCS	Children's Medical Services	0.339	0.281	0.223	0.231	0.284	0.306
DHCS	Rural & Indian Health	0.056	0.001	0.004	0.004	0.005	0.004
DHCS	Other Care Services (2)	1.478	1.478	1.830	2.329	2.363	2.131
CHBE	California Health Benefit Exchange	0.000	0.000	0.382	0.312	0.320	0.320
	Subtotal, Health Care	38.228	45.478	86.149	92.745	103.599	104.863
Education/Job Training/Childcare							
CDE	Local Control Funding Formula (7), (14)	0.000	0.000	9.899	10.295	10.551	11.044
CDE	Special Programs	4.345	4.422	5.773	5.923	6.563	6.884
CDE	Migrant Education Program (7), (9)	0.130	0.135	0.119	0.121	0.116	0.116
CDE	Title I (7), (9)	1.699	1.654	1.631	1.831	1.770	1.770
CDE	Homeless Children & Youth Education (7), (9)	0.008	0.007	0.008	0.009	0.008	0.008
CCFC	California Children & Families Commission	0.528	0.484	0.425	0.356	0.422	0.398
EDD	Employment Training Panel	0.080	0.049	0.079	0.076	0.079	0.089
EDD	Workforce Innovation & Opportunity Act	0.468	0.422	0.397	0.410	0.404	0.389
EDD	National Dislocated Worker Grants/National Emergency Grants	0.020	0.025	0.029	0.037	0.045	0.045
WDB	California Workforce Development Board	0.002	0.002	0.007	0.007	0.012	0.026
CSAC	California Student Aid Commission	2.269	1.563	2.016	2.076	2.245	2.319
	Subtotal, Education/Job Training/Childcare	9.548	8.763	20.383	21.142	22.215	23.088
Social Services							
Aging	Nutrition	0.078	0.084	0.087	0.092	0.091	0.082
Aging	Senior Community Employment Service	0.012	0.009	0.007	0.007	0.008	0.008
Aging	Supportive Services	0.070	0.065	0.062	0.065	0.068	0.070
Aging	Community-Based Programs & Projects (3)	0.057	0.014	0.014	0.014	0.016	0.014
Aging	Medi-Cal Programs		0.025	0.025	0.026	0.028	0.028
DCDC	Community Services	0.058	0.059	0.070	0.072	0.066	0.063
DCSS	Child Support Services	1.086	0.917	0.976	0.969	1.011	1.011
DSS	IHSS	2.208	5.502	9.470	11.261	11.600	11.223
DSS	Children & Adult Services & Licensing	7.156	1.589	1.590	1.667	2.055	1.954
DSS	Special Programs	0.022	0.031	0.053	0.041	0.086	0.056
DSS	Title IV-E Waiver (5)	0.770	0.543	0.800	0.826	0.919	0.903
	Subtotal, Social Services	9.287	8.839	13.154	15.040	15.947	15.413
Funding							
	1991 Realignment	4.493	4.192	5.125	5.377	5.607	5.829
	2011 Realignment (8)	0.000	0.000	2.363	2.464	2.569	2.670
DHCD	California Housing Finance Agency	0.037	0.049	0.040	0.036	0.039	0.039
	Subtotal, Funding	4.530	4.241	7.528	7.877	8.215	8.538
	TOTAL, STATE COSTS	79.623	79.617	142.396	152.081	165.799	167.784
Federal Benefit Payments							
	Federal SSI Payments (9), (7)	5.187	6.539	7.189	7.203	7.215	7.215
	Federal SNAP Benefits (11), (7)	2.867	6.981	7.335	6.859	6.500	6.500
	Federal EITC (17)	5.311	7.251	7.654	7.600	7.600	7.600
	Child & Additional Child Credits (17)	3.466	7.336	6.533	6.500	6.500	6.500
	ACA APTC (21)	0.000	0.000	6.162	6.675	7.000	7.000
	HUD Rental Assistance (19)	3.728	4.312	4.936	5.189	5.320	5.320
	State/Federal Low Income Housing Credit (18)	0.204	0.265	0.383	0.304	0.300	0.190
	TOTAL, FEDERAL BENEFIT PAYMENTS	20.763	32.684	40.192	40.330	40.435	40.325
Counties							
	General Relief (15)	0.280	0.400	0.375	0.375	0.375	0.375
	County Cost Share, Social Services (16)	1.331	1.363	2.500	2.841	3.200	3.200
	TOTAL, INCLUDED COUNTY COSTS (20)	1.611	1.763	2.875	3.216	3.575	3.575
	GRAND TOTAL	98.997	114.064	185.463	195.627	209.809	211.684

Introduction

Purpose

Under a grant from The James Irvine Foundation, California Business Roundtable (CBRT) has convened a collaborative process among a broad range of stakeholder groups to address the issues affecting poverty, jobs, and upward mobility in California. This multi-pronged effort incorporates the following objectives:

- To ensure both worker and employer voices are heard, understood, and addressed, conduct quantitative non-partisan research program that will study the needs, anxieties, perceptions, and goals pertaining to the workforce and quality of life issues in California.
- To develop a common dataset among all stakeholders that can eliminate the debate on the source and quality of information and allow the stakeholders to focus on solutions.
- To utilize a stakeholder process to examine the various local and state-level initiatives currently in place.
- To develop viable policy solutions to address challenges impacting poverty, jobs, and upward mobility in California.
- To conduct an educational outreach campaign based on a well thought out statewide strategy and stakeholder involvement to move forward actionable and viable policy options.

As part of this effort, this report identifies the various federal, state, and related local programs that provide income assistance, training, and other services associated with the overall goal of assisting Californians in preparing for, joining, and moving up within the workforce. The report describes the major programs along with funding sources and a general assessment of the applicability of each program to providing Californians with the skills and/or resources to pursue upward mobility in the state's evolving economy.

Programs Considered

In discussing these programs, most are necessarily associated with the federal/state/local social safety net and were created as or evolved into primarily anti-poverty programs. The focus of the overall research project, however, is not on poverty in California but rather the challenges, barriers, and effectiveness of existing efforts private and public to facilitate upward economic mobility in the state, in particular paths to pursue higher income employment.

In this respect, related research under this project identified certain key aspects of the current social safety net as barriers or disincentives to individual efforts to move up the economic ladder. From the focus group research (Vision Strategy, 2017):

- A consistent concern was that the rising costs of living continue to outpace their earnings: *Despite working one or more jobs, getting additional hours or clients, or benefitting from an increase in the minimum wage, respondents **can't seem to get ahead** of their monthly expenditures.* The current safety net programs—with eligibility tied to the official poverty measure—are not designed to address this barrier. As discussed in the related data report (California Center for Jobs & the Economy, February 2018), key components of these rising costs especially for housing, energy, and commuting are the result of both current and evolving state regulations and policies that in their cost impacts and in the scale of these costs can now offset or eliminate the potential gains from the social safety net programs.
- This seeming inability to get ahead in fact provides a strong disincentive for lower income Californians to pursue upward mobility, reducing their willingness to pursue changes that can improve their economic situation for fear they would make the wrong choice. The living cost structure they now face in California makes the likely ramifications from a wrong choice far too great: *For the most part, respondents express not anger but resignation over the economic challenges they face. Without any safety net (savings, confidence in future earnings, stability/security for immigrants), most were **highly risk averse**. . . Overall, most respondents report living **paycheck to paycheck**, needing two or even three incomes to keep up with basic expenses. A majority are **not able to invest today for future gain**; they can't afford the time and/or money required to obtain the education, training, move or career change that might improve their economic situation.*
- The current social safety net was not seen by most participants as addressing their needs. The time and challenges associated with applications, waiting lists, and largely opaque eligibility determinations that pull back assistance the minute they start moving ahead makes most of these programs effectively unavailable: *Respondents were frustrated with aid programs that are **underfunded, require significant time off work, and have seemingly out-of-touch income eligibility levels**. Several mentioned that as soon as programs begin to help them manage their expenses, they become ineligible. In addition, the **waiting periods** for housing and food assistance rendered the programs essentially unavailable.*
- Program qualification limits may also work against some of the more effective upward mobility choices. Having two income earners within a household produces the most dramatic effect on income and poverty status, yet acknowledging the presence of a significant other or marriage can produce a significant reduction in household resources through changes in program eligibility. Savings and other asset acquisition such as home ownership can produce substantial changes through subsequent opportunity for further education, income from interest/dividends or sharing economy options, or retirement security, but for most programs these savings and assets would limit or eliminate eligibility.
- Other state policies intended to improve lower incomes—in particular minimum wage—were seen as mixed, assisting them personally if it worked to increase take-home pay, but also likely raising living costs: *“Minimum wage is increasing. It is \$12 now and it is going up to \$15. That doesn't help much because most companies cut the employee's hours so they don't have to give benefits. And as the salary increases, so does the price of **everything**. So the extra money you are earning is only to pay for the higher prices of rent, gasoline...all it does is create inflation.”*

- Instead, participants generally preferred programs that provide them with resources to make choices that better reflect their individual situations: *Respondents across markets are **willing to work hard**, and don't want "something for nothing" from the government. Instead, what they seem to be looking for is help **managing the gap between what they make and the high living costs** they face. Many also seek **on-the-job programs** where they could more easily manage additional education or training.*

The survey of lower income Californians (Vision Strategy, July 2017) confirmed these points:

- 88% of respondents cited the high cost of living as a perceived barrier to getting ahead financially. When asked to choose the greatest challenge, 56% cited high cost of housing, with jobs without benefits coming in a distant second at 9%.
- Only 52% of respondents believed they were probably or definitely receiving all the assistance from public assistance programs to which they were entitled. 28% indicated the qualification processes were difficult.
- While 63% agreed that a higher minimum wage helps workers like themselves, 75% believed that a higher minimum wage causes businesses to raise prices and 66% that it causes landlords to raise rents.

The survey of employers (Vision Strategy, December 2017) reinforced these points as well:

- 86% of the employers believe the cost of living has increased for their employees, with 62% indicating housing as the greatest contributor.
- 55% indicated that their likely response to increasing minimum wage will be to raise prices.

Programs Not Considered

Beyond the programs covered in this document, there are additional components of the social safety net that can apply due to an individual's situation related to age, health, veteran status, and other factors rather than means-tested income. While not addressed directly in this report, these additional components in some cases have far greater effects on cash income levels and income-to-poverty levels than the assistance programs addressed in this chapter. These components include the following:

- Social Security
- Medicare
- Unemployment Insurance
- Worker's Compensation
- Social Security Disability Insurance
- Veteran's Disability and other veteran's programs through both federal and state government
- Programs under Department of Developmental Services
- Programs under Department of Rehabilitation
- State Hospitals

- Other transfer payments including child support, alimony, and other cash payments.

And beyond the programs focused on the individual, additional assistance historically has been grouped within the broad framework of economic development. On the federal side, the current Catalog of Federal Domestic Assistance lists 183 programs under 69 agencies providing assistance for economic, community, or regional development alone, geared towards economic improvement on the individual or community level. Broadening the search to include business/commerce and housing, the results broaden to 353 programs under 84 agencies. These include:

- Various Small Business Administration programs
- Economic Development Administration grant and loan programs
- Renewal Community, Empowerment Zone, Enterprise Community Initiative along with related programs for neighborhood revitalization and region-specific efforts
- Rural Development grant and loan programs under US Department of Agriculture
- Economic Development Initiative and Brownfields Economic Development Initiative at Department of Housing & Urban Development
- The broader Community Development Block Grant program and Section 108 loan guarantee program
- Rehabilitation tax credits
- Community Reinvestment Act.

Since the repeal of Enterprise Zones and redevelopment agencies, economic development under California state-level programs is more limited, but includes various programs under the Go-Biz office along with targeted efforts under various industry-specific commissions.

As with the additional income assistance components, these programs are not included in the descriptions below, but they should be kept in mind when considering the full range of assistance programs currently in place and other public revenues devoted to them—in some cases for decades—designed to combat poverty and increase job opportunities for low income households.

Evaluation Factors

From these considerations, this report addresses the primary state and local programs according to the following factors:

- Summary description of the program.
- Qualification criteria—who is eligible and at what income point does eligibility go away.
- Individual direction—does the program determine individual choices or allow flexibility to choose the upward strategies best meeting an individual's situation.
- Caseload—are the program's benefits broadly available or more restricted.

- Fiscal information—trend and sources in funding; percentage going to benefits vs. program administration and activities.

General Program Background

Program Eligibility

In general, program eligibility is based on the poverty guidelines developed annually by the US Department of Health and Human Services. The guidelines vary by family size and are updated annually for inflation by applying the CPI-U (consumer price index, all urban consumers) to the weighted average poverty thresholds calculated by the US Census Bureau. Three different sets of the guidelines are published: one set of values covering the 48 contiguous states and separate series for Alaska and for Hawaii. The 2018 guidelines applicable to California are shown in Table 1.

Table 1: 2018 Poverty Guidelines

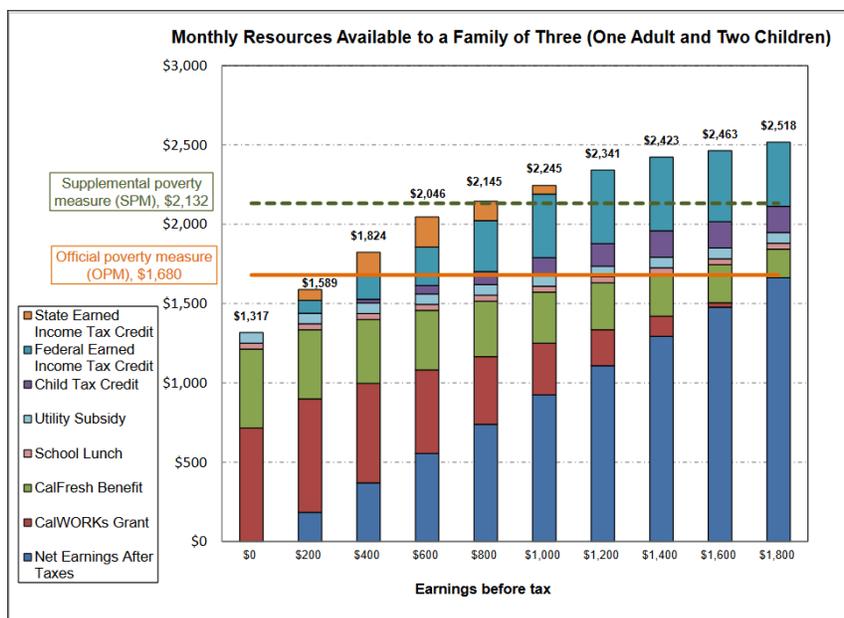
Persons in family/household	Poverty guideline
1	\$12,140
2	\$16,460
3	\$20,780
4	\$25,100
5	\$29,420
6	\$33,740
7	\$38,060
8	\$42,380

Source: US Department of Health & Human Services

Individual programs, especially those adopted separately by California and programs discussed later such as tuition aid, may have different cut-offs, but these guidelines generally apply to the poverty programs and those supported largely by federal funds, either as a hard dividing line or as the base for eligibility based on multiples of the applicable guideline. As such, the potential for the programs' effectiveness varies widely due to the significant differences in costs of living between California and other states in general, and specifically through the wide differences in living costs between regions in the state.

The prevailing structure of the programs is illustrated through the CalWORKS benefits model shown in the figure below. Benefits are tied to income (from all sources) levels, and phase out as income increases. In practice, however, income levels—especially in that portion of the California outside of the Bay Area that has become dominated by growth in industries providing lower wage, lower hour jobs—are not so smoothly predictable. Income assistance “need” as predicted by these models instead is subject to wider variation as hours increase or contract, and as household composition changes as a program recipient’s life changes.

The programs contained in this figure do not cover all of those discussed below. While this benefits model has been adjusted over the years to incorporate fewer and, in this 2016 version, more of the applicable programs, not all are included. The largest exception is Medi-Cal (federal Medicaid). Others would include housing, education, and other training programs discussed in this report.



CalWORKS Benefits Model, 2016

Source: California Department of Social Services (January 2017)

The benefits model below also illustrates the significant effect represented by California’s higher costs of living. Assistance through the traditional anti-poverty programs is tied to the nationally-determined poverty level (official poverty measure in the figure). However, adjusting this measure as is done under the supplemental poverty measure for cash and noncash benefits other than earned income and for regional cost differences, the effective poverty level in California is on average 27% higher. The main determinant in this case of this elevated poverty measure is housing costs, with the supplemental poverty measure ranging much higher in the even higher-cost coastal urban areas.

Finally, the benefits model shows that the anti-poverty programs are just that—they provide assistance to those below the poverty level and do less to assist lower income households seeking to go beyond poverty through upward mobility. Primary assistance at this stage comes instead from the earned income tax credit (EITC) and related child care credit tied to employment earnings.

General Program Effectiveness

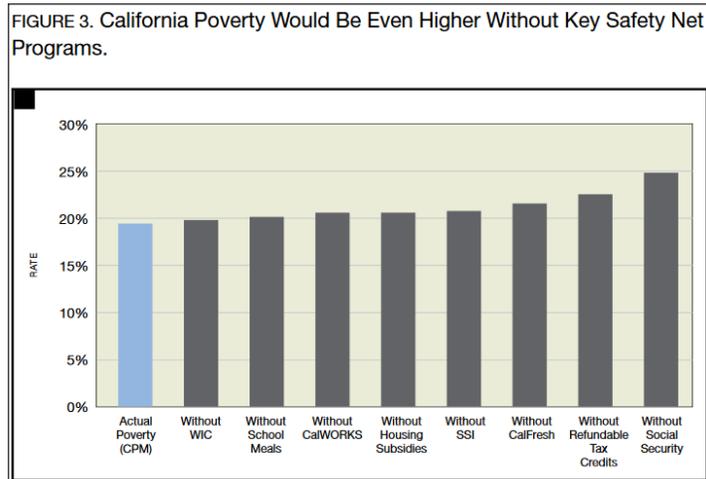
One general measure of program effectiveness is the extent to which each combats poverty. These effects are measured within the calculation of the supplemental poverty measure, as indicated in Table 2. This table shows for each individual assistance program, the number of persons by age who would have been added/subtracted in its absence to the number in poverty under the supplemental measure. For example, Social Security tied to lifetime earned income levels has the widest effect, keeping 26.11 million people above the supplemental poverty line, with 17.13 million of them age 65 and over. Refundable tax credits (EITC, child care) tied to annual earned income have the next biggest effect, with the traditional poverty programs such as TANF (Temporary Assistance for Needy Families) showing a much smaller shift. On the other end, medical out of pocket (MOOP) and work expenses (uniforms, etc.) contribute to the largest increases under this measure. Note that this table only includes the cash and noncash adjustments to income and do not reflect the sizeable effect from regional differences in housing costs.

Table 2: Poverty Program Effects on Poverty, 2016 (million persons)

	Total	Age 0-17	Age 18-64	Age 65+
Persons Below Poverty (SPM)	44.75	11.28	26.30	7.17
Change from:				
Social Security	-26.11	-1.50	-7.48	-17.13
Refundable tax credits	-8.15	-4.38	-3.67	-0.10
SNAP	-3.59	-1.51	-1.75	-0.32
SSI	-3.36	-0.49	-2.26	-0.61
Housing subsidies	-3.13	-1.05	-1.45	-0.63
School lunch	-1.31	-0.76	-0.54	-0.01
Child support received	-0.76	-0.43	-0.32	-0.01
Unemployment insurance	-0.68	-0.21	-0.45	-0.02
TANF/general assistance	-0.62	-0.31	-0.29	-0.02
WIC	-0.28	-0.15	-0.13	0.00
Workers' compensation	-0.24	-0.06	-0.16	-0.03
LIHEAP	-0.16	-0.05	-0.07	-0.04
Child support paid	0.35	0.08	0.26	0.01
Federal income tax	1.47	0.23	1.17	0.07
FICA	4.73	1.47	3.09	0.17
Work expenses	5.97	1.93	3.83	0.21
Medical out of pocket expenses	10.54	2.16	5.55	2.84

Source: US Census Bureau

Calculations for the comparable California Poverty Measure (CPM) show similar program effects from the recent update for the 2015 data—lower effects from the traditional poverty programs but much larger changes from the programs tied to earned income.



Source: Wimer, et al. (2015)

Income Assistance Programs

CalWORKS

Funded by state, federal, county, and realignment funds, the program provides both emergency assistance and monthly cash grants and employment services to low-income families with children. The amount of the monthly cash grant varies by a number of factors, including family size, county of residence, and other sources of family income. The maximum grant levels are set in statute, which also requires that the cash grant be reduced as a family receives additional earned income until it is offset to zero. These provisions indirectly set the income level at which families no longer qualify for assistance.

CalWORKS is California's implementing program for the federal Temporary Assistance to Needy Families (TANF), which supplanted the previous Aid for Families with Dependent Children (AFDC) following federal welfare reform in 1996. Under this law, states are provided a federal block grant which, when combined with state/local maintenance of effort fund requirements, can be used to pursue the four goals of the Act:

- Provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives.
- End the dependence of needy parents on government benefits by promoting job preparation, work, and marriage.
- Prevent and reduce the incidence of out of wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies.
- Encourage the formation and maintenance of two parent families.

With some exceptions, adults in the program must participate in specified “welfare-to-work” activities including working, looking for work, and training to improve their employability. Adults have a life-time limit of a maximum of 48 months of assistance (24 months for enhanced services), although in California children may continue to receive a monthly cash grant until age 18. In both situations, school attendance requirements apply to children receiving aid. Adults may also receive a total of 24 months of CalWORKS services based on their county plan. In addition to training, supportive services are available to families participating in welfare-to-work activities, including child care, transportation, related expenses, mental health, substance abuse, and personal counseling.

In order to receive the federal TANF block grant, California must provide a minimum amount of state expenditures—the MOE (maintenance of effort) of \$2.9 billion annually. State-only programs supported by the state general fund count towards the MOE. California also spends additional general fund amounts on CalWORKS elements that are not counted against the MOE.

Cal-Learn is a related program providing CalWORKS benefits for pregnant and parenting teens. Eligibility and assistance levels vary somewhat.

CalWORKS Housing Support Program was added in 2014, and provides limited housing assistance in the 44 participating counties.

Administering Agency

CalWORKS program is implemented primarily by the counties and overseen by the state Department of Social Services (CDSS). Federal funding is through the Office of Family Assistance under the US Department of Health & Human Services.

Eligibility

In general, CalWORKS is available to: (1) families with one or more child who has been deprived of parental support or care because of absence, death, or disability of either parent, (2) families when both parents are in the home but the principal earner is unemployed (working less than 100 hours in the last 4 weeks), and (3) needy caretaker relatives of a foster child.

Parents/caretaker must be: (1) US citizen or meet residency requirements, (2) California resident, (3) not a fleeing felon or convicted drug felon, (3) take care of at least one child under 18. Children must be: (1) deprived as above, (2) have standard immunizations if under age 6, and (3) be attending school regularly if school age and under age 16.

Resource level restrictions (2017 amounts) limit assistance to families with property (generally cash and assets easily convertible into cash) valued at less than \$2,250 (\$3,500 if at least one member is 60 years or older or disabled). Vehicles valued at \$9,500 or less are not counted against the resource level as well as a home, household goods, some types of trusts, and an ABLÉ (Achieving a Better Life Experience) account for persons with disabilities.

Table 3: MBSAC, 2017-18

Family Size	Region 1	Region 2
1	\$660	\$626
2	\$1,082	\$1,029
3	\$1,342	\$1,274
4	\$1,592	\$1,514
5	\$1,817	\$1,730
6	\$2,044	\$1,944
7	\$2,246	\$2,131
8	\$2,444	\$2,327
9	\$2,652	\$2,514
10	\$2,878	\$2,738
more than 10	add \$26 for each person	

Source: CDSS

Income limits are determined through a more complex process than that generally used in the other programs:

- Excludes income from sources such as SSI, loans and grants, EITC, and federal relocation/disaster benefits.
- Countable income is from earned income (including non-wage income for items such as food and shelter), plus unearned income (such as SDI, social security, VA benefits, spousal support, workers' compensation), minus \$90 of earned income for each family member.
- Countable income is then matched against the current year MBSAC (minimum basic standard of adequate care). The MBSAC varies by family size and location, and is derived from base amounts set in statute and updated annually for cost of living changes in housing, utilities, food, and clothing as determined by changes in a weighted average of the component parts of the CPI-U for San Francisco, Los Angeles, San Diego, and any subsequent areas covered by US Bureau of Labor Statistics in the future. CDSS publishes separate MBSACs for Region 1 (generally, the coastal and Bay Area counties except for the North Coast) and Region 2 (generally, all other counties). The 2017-18 levels are shown in Table 3.
- Families with countable income below the applicable MBSAC are eligible for cash assistance. This amount is determined based on the number of family members subsequently considered as eligible and whether or not the family is exempt (e.g., all adults are disabled and receiving SSI, IHSS, SDI, or workers' compensation).

Table 4: MAP, October 2016

Family Size	Region 1		Region 2	
	<i>exempt</i>	<i>non-exempt</i>	<i>exempt</i>	<i>non-exempt</i>
1	\$392	\$355	\$374	\$336
2	\$645	\$577	\$616	\$549
3	\$799	\$714	\$762	\$680
4	\$949	\$852	\$904	\$810
5	\$1,080	\$968	\$1,031	\$922
6	\$1,214	\$1,087	\$1,157	\$1,035
7	\$1,334	\$1,195	\$1,272	\$1,136
8	\$1,454	\$1,301	\$1,385	\$1,239
9	\$1,571	\$1,407	\$1,498	\$1,340
10 or more	\$1,689	\$1,511	\$1,610	\$1,438

Source: CDSS

- Countable income for benefits purposes is calculated differently, determined by the amount from all disability benefits (excluding SSI from any excluded members) less \$225, plus unearned income as above, plus earned income (less any amount remaining from the \$225 disability disregard) divided by 2. This amount is then subtracted from the applicable MAP (maximum aid payment), as shown in Table 4 for 2016, to calculate the benefit amount. The MAPs are set in statute and subject to cost of living adjustments if approved by the Legislature.

Caseload

CalWORKS caseload is summarize in Table 5. The components consist of the following:

- Number of CalWORKS cases is the average total caseload (families) for all CalWORKS programs. The number of persons is the calendar year average (vs. fiscal year average for the other components) taken from federal sources. Because of California’s continued coverage for children after their parents’ eligibility has lapsed, Department of Health & Human Services data shows California’s share of all persons under the TANF programs (MOE and separate state programs) grew from 28% in 2007 to 43% in 2016.
- Employment Services is the average number of adults using CalWORKS employment services.
- Stage 1 Child Care is the average number of children in the Stage 1 child care. Stage 2 and Stage 3 are discussed above under Child Care services provided through Department of Education.
- Non-MOE is the average caseload for families where the work eligible adults are not receiving cash aid but continue to receive cash aid for their children. These cases include timed-out adult cases, fleeing felon cases, and cases with a welfare-to-work adult who has been sanctioned for over 12 months. Funding for these cases comes from general fund that is not counted towards California’s MOE for federal funding purposes (separate state program). This caseload is included in the total numbers shown under CalWORKS cases. This component of the program has grown from 10% in FY 2008, to a projected 25% in FY 2019.

Table 5: CalWORKS Caseload

FY	CalWORKS		Employment Services	Stage 1 Child Care	Non-MOE
	cases	persons			
2007-08	465,951	1,217,097	196,174	58,558	46,091
2008-09	504,994	1,340,138	221,542	60,039	48,500
2009-10	553,347	1,437,394	231,157	50,829	48,861
2010-11	586,659	1,462,880	227,699	43,935	50,402
2011-12	575,988	1,385,111	206,425	37,838	71,568
2012-13	559,920	1,341,168	205,462	34,778	72,218
2013-14	550,928	1,403,861	215,506	35,826	76,125
2014-15	535,089	1,805,051	230,032	37,442	82,444
2015-16	495,724	1,640,732	210,990	44,564	87,243
2016-17	452,770	n/a	183,480	40,949	91,898
2017-18	425,855	n/a	176,771	38,795	96,804
2018-19	400,777	n/a	170,139	38,760	101,163

Source: California Department of Social Services for CalWORKS cases (families), number of Employment Services adults, number of Stage 1 Child Care children, and number of Non-MOE cases; US Department of Health & Human Services, Office of Family Assistance for CalWORKS persons (calendar year)

Applicability

In concept, the welfare-to-work component of CalWORKS is consistent with the goal of promoting upward mobility for lower income Californians. The broader applicability, however, falls short on several factors. First, the relatively high cost of the program for a limited portion of the state's population restricts its direct applicability to the broader and growing economic divide in the state. Second, the program at its heart remains an anti-poverty focus, structured to deal with the deeper poverty issues in the state, and concerned more with moving people into the labor force rather than arming them with the resources to move up economically. In other respects, this anti-poverty focus has also moved beyond the linkage to work with the growing shift to non-MOE and non-adult portion of the eligible population along with changes made in 2012 to broaden the range of allowable welfare-to-work activities, moving away from the federal program's focus on employment and the development of workplace skills. This situation is reflected in the program's failure to meet the federal Work Participation Rate (WPR) standards for all families from 2006-07 through 2013-14, and the two-parent WPR from 2011-12 through 2015-16 (LAO, September 2017).

More critically, the program embodies many of the concerns raised in the focus groups and polling about the difficulty in accessing and being able to rely on public assistance programs. The application process is complex and relies on initial and ongoing decisions by county social workers more so than individual choice. Eligibility rules provide a disincentive to the savings and asset acquisition required for upward mobility, and instead retain a degree of reliance on the public services provided. And while the cash assistance portion is structured to phase out as earned income increases, the associated training, employment, and family assistance services go away entirely at a dividing line well below the state's effective poverty level, in particular in the coastal urban areas. While other assistance programs may then become an option to take their place—if slots are available—at best they entail yet another round of applications, decisions, and uncertainty over the resources each family will have to face the growing costs of living in the state along with continued reliance on assistance that generally is conditioned on both income and assets.

Supplemental Security Income/State Supplementary Payment Program (SSI/SSP)

SSI/SSP provides cash assistance to persons who are disabled, blind, or elderly and who may not be able to work.

Administering Agency

SSI is a federal assistance program administered by the Social Security Administration. SSP is an optional state add-on that is administered through the SSI program under a contract with the state. States may set SSP rates and related factors, but the SSI and SSP are sent to recipients as a single payment.

While SSP is technically optional, California must meet MOE requirements for purposes of retaining federal funding levels for Medi-Cal. SSP levels must be maintained at the calendar year 1983 levels or match total SSP expenditures from the prior year.

Eligibility

Eligibility is for those age 65 and older, blind, or disabled. As with CalWORKS, countable income is determined after adjustments for various inclusions and exclusions to cash income (50% of earned and 100% of unearned). This amount is then subtracted from the maximum allowable SSI amount to determine the individual's SSI benefit. This is then added to the full amount of the SSP to arrive at the full benefit.

Category	2018 total monthly payment		
	Aged	Disabled	Blind
Single people			
Independent living status	\$910.72	\$910.72	\$967.23
Non-medical out-of-home care	\$1,173.37	\$1,173.37	\$1,173.37
Independent living status, no cooking facilities	\$997.04	\$997.04	N/A
Living in the household of someone else	\$664.24	\$664.24	\$720.76
Disabled minor child		\$815.15	
Disabled minor child in the household of another		\$568.67	
Aged or disabled couples			
Independent living status	\$1,532.14		
Non-medical out-of-home care	\$2,346.74		
Independent living status, no cooking facilities	\$1,704.77		
Living in the household of someone else	\$1,162.41		
Blind couples			
Independent living status			\$1,683.19
Living in the household of someone else			\$1,313.46
Non-medical out-of-home care			\$2,346.74
Blind person with an aged or disabled spouse			
Independent living status			\$1,625.65
Living in the household of someone else			\$1,255.92
Non-medical out-of-home care			\$2,346.74
Living in a Medicaid Facility			
Single people	\$51.00	\$51.00	\$51.00
Couple	\$102.00	\$102.00	\$102.00

Source: Social Security Administration,
Supplemental Security Income (SSI) in California, January 2018

Applicants are expected to use their own resources before applying to the program, and asset limits apply. Countable resources cannot exceed \$2,000 for an individual and \$3,000 for married couples living together. Exemptions include a home and one vehicle.

Persons receiving SSI qualify for Medi-Cal automatically but are no longer eligible for CalFresh (food stamps). The SSI component includes \$10 in lieu of food stamps.

Table 6: SSI/SSP Caseload

FY	Non-MOE
2007-08	1,235,932
2008-09	1,262,685
2009-10	1,248,502
2010-11	1,266,652
2011-12	1,277,688
2012-13	1,286,610
2013-14	1,294,764
2014-15	1,298,031
2015-16	1,287,279
2016-17	1,271,633
2017-18	1,264,920
2018-19	1,264,275

Source: California Department of Social Services

The base SSI in 2018 is \$750 for an individual and \$1,125 for married couples living together. The SSP is \$160.72 and \$407.14, respectively. The actual amount, however, can vary by the recipient's living arrangement, as shown in the chart above.

Caseload

Total caseload is shown in Table 6.

Applicability

This program is targeted on persons with few other economic resources. There are provisions, however, that encourage recipients to work. As earned income increases, the benefit is reduced at a rate of \$1 for every additional \$2 in earned income. Other provisions include exclusion of qualifying Impairment and Blind Related Work Expenses (IRWE and BRWE) required to enable to return to work, from recalculation of the countable income used to determine benefit levels.

General & Indigent Assistance

Welfare & Institutions Code section 17000 and other provisions of state law establish the counties as provider of last-resort for health care and income assistance. County general assistance (General Relief) provides cash grants to persons not otherwise eligible for the primary assistance programs such as CalWORKS and SSI/SSP. The indigent health services provide basic and emergency health care for persons not otherwise covered by health insurance, including policies through Medi-Cal and the California health exchange.

Administering Agency

The programs fall under the responsibility of the counties. Funding is through the Realignment funds and county general funds.

Eligibility

Eligibility criteria is established separately by each county. For example, in Los Angeles County, generally applicants may be an adult age 18 or older or a family, but must first explore assistance from other programs. As a result, most recipients are single adults with no other income or means of support. Monthly income must be less than the maximum General Relief grant (\$221 per person), personal property at a combined value of less than \$500 per person, one motor vehicle worth \$4,500 or less, cash of \$50 or less (or \$1,500 upon approval), and real property (home) with an assessed value of \$34,000 or less.

Caseload

No centralized reporting on total caseload is maintained. See the Budget section for fiscal levels.

Applicability

This program is administered as the last resort component of the safety net, and is oriented towards the lowest income residents in the state. Consequently, it has little direct applicability to upward mobility and instead applies only to a relatively small component of the population.

Federal Earned Income Tax Credit (EITC)

The Earned Income Tax Credit (EITC) provides cash assistance to low and moderate income workers. People filing for the credit must have earned income from an employer or self-employment, meet the income qualifications, and file an income tax return. The EITC is a refundable tax credit applied against the amount of tax owed rather than a deduction against income. The credit is first used to reduce any income tax owed. Any amount left over is then be paid as a tax refund.

Administering Agency

The credit is administered through the Internal Review Service and is claimed through annual filing of a personal income tax return.

Eligibility

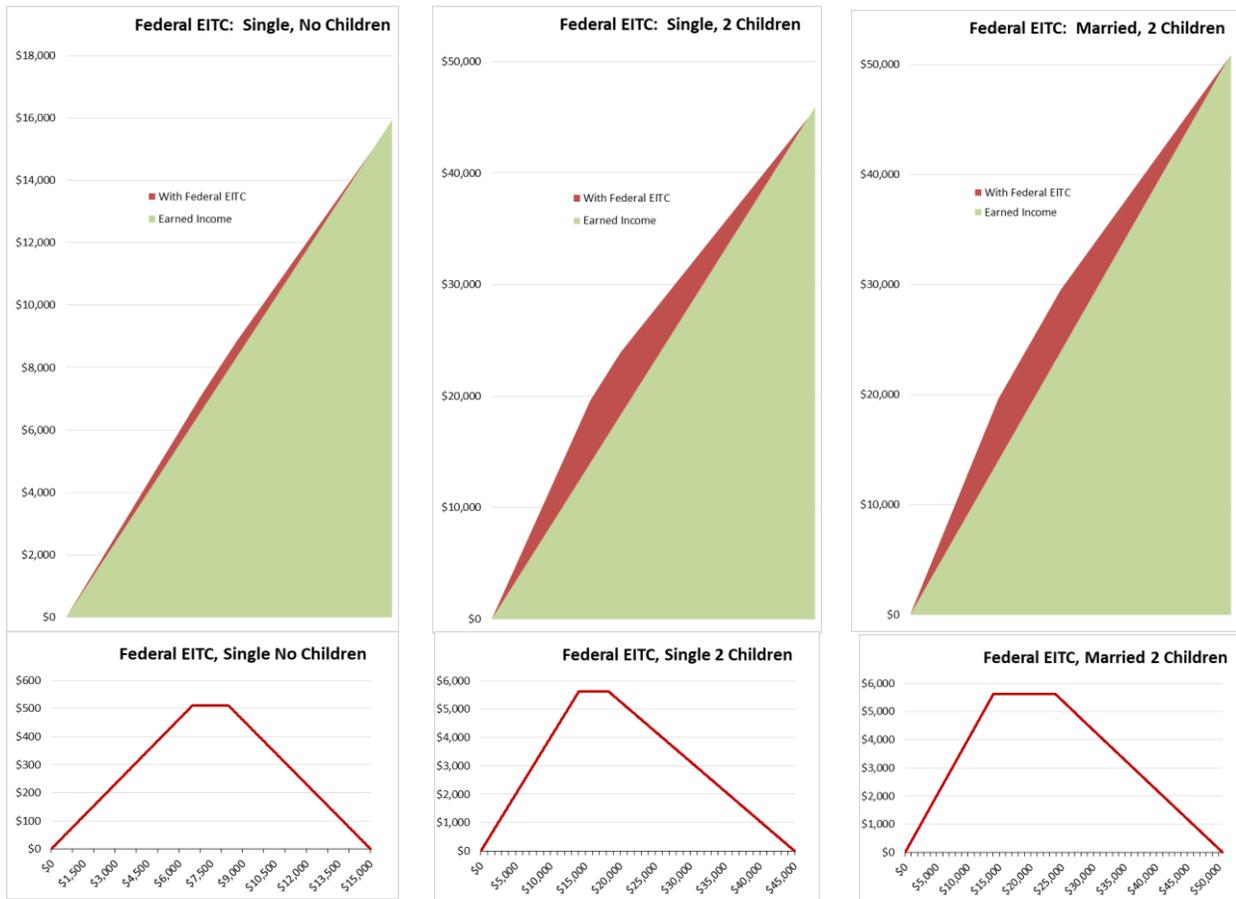
Table 7: Federal EITC, Tax Year 2018

Number of Children:	0	1	2	3 or more
<i>Earned Income/AGI Limits</i>				
Single, Head of Household or Widowed	\$15,310	\$40,402	\$45,898	\$49,298
Married, Filing Jointly	\$21,000	\$46,102	\$51,598	\$54,998
<i>Maximum EITC</i>	\$520	\$3,468	\$5,728	\$6,444

Source: US Internal Revenue Service

The size of the available credit in general depends on number of children, earned income and adjusted gross income (AGI), and filing status. The maximum tax credit and income levels are adjusted annually for inflation. For taxes that will be filed in 2019, both earned income and AGI must fall below the amounts shown in Table 7. Investment income must be \$3,500 or less. This table also shows the maximum allowable credit of up to \$6,444 for a family with 3 children.

The credit varies with income level, and is designed to phase out as earned income rises rather than stop abruptly at the income cut-off as with most of the other income assistance programs. At first, the amount of the credit grows as earned income rises, reaches the maximum and continues at this point as earned income continues rising to specified levels, then gradually phases out as earned income continues growing. This process is illustrated in the charts below using the Tax Year 2017 amounts for three cases: single with no children, single with 2 children, and married with 2 children. The upper charts show the effect on household income, while the lower set of charts show the change in the EITC itself as income changes. The charts do not show the effect of any taxes (income and payroll) owed, but indicate the amount of total income available to handle both taxes and living expenses.



Caseload

Summary caseload data for California filers based on number of returns is shown in Table 8.

Table 8: California Tax Returns Claiming EITC by Tax Year

	2010	2011	2012	2013	2014	2015
Returns Claiming EITC	3,165,763	3,273,578	3,209,680	3,314,700	3,312,640	3,263,270
EITC Amount (\$ billion)	\$6.9	\$7.3	\$7.3	\$7.7	\$7.7	\$7.7
Returns with Refundable EITC	2,696,319	2,802,359	2,725,820	2,798,440	2,765,050	2,696,300
Refundable Amount (\$ billion)	\$5.7	\$6.2	\$6.2	\$6.4	\$6.4	\$6.4
Refundable Amount per Return	\$2,125	\$2,195	\$2,271	\$2,295	\$2,332	\$2,356

Source: US Internal Revenue Service

Applicability

The EITC as currently structured addresses many of the issues raised during the focus groups and polling of lower income Californians.

The credit is uniformly available and easily accessible through tax return filing. Filers have the option of calculating the credit themselves or choosing to have the IRS determine the amount for

them. Many free tax form and filing services are now available through both the state and federal tax agencies, reducing the need for households to pay for tax preparation simply to receive the credit.

The credit available in an upcoming year can be determined with some degree of certainty. The eligible amount phases out as earned income grows rather than being subject to arcane bureaucratic decisions. Rather than focused just on poverty levels, the federal credit is available to households earning roughly above 200% of poverty.

The credit is tied to earned income. Work requirements are built into the credit itself, with continued incentives to pursue higher paid work and/or additional working hours.

The assistance is available to be used on the recipients' priorities. There are no conditions on the use of the funds, restrictions on assets (beyond investment income standards), or assistance that instead comes in the form of services or use-restricted payments.

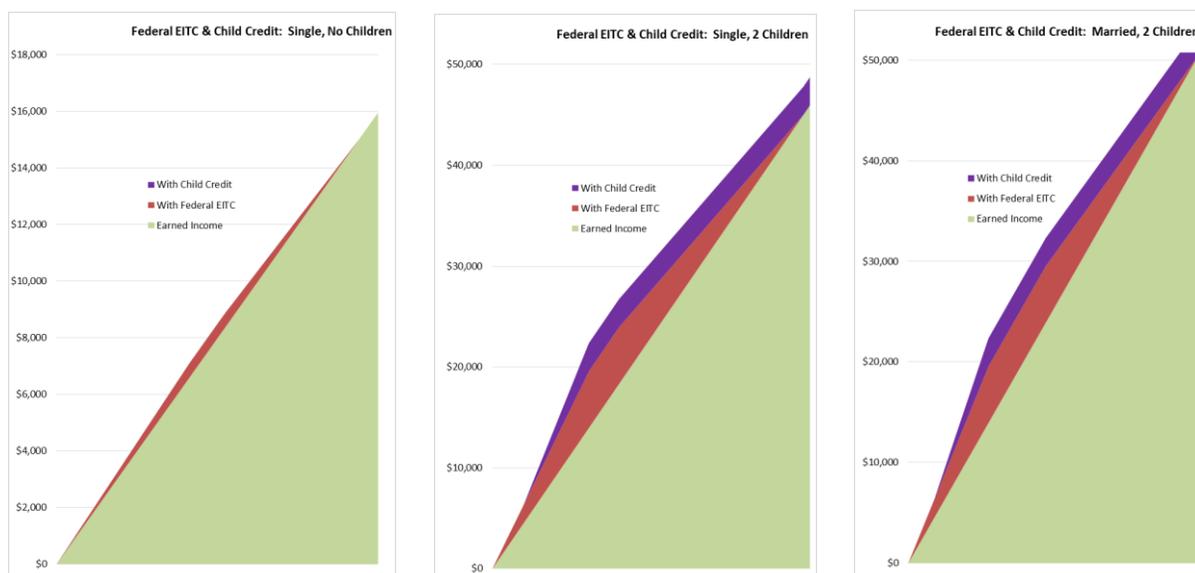
Considerable research has been conducted on the effects of the federal EITC and has found, among other things, a positive incentive to increase work engagement although not necessarily increased hours, reductions in poverty due to the work incentive even putting aside the direct effect from the credit itself, increases in child education performance and health, and in particular an increase in the employment rate for single women with children (LAO, December 2014). More recent research looking at very long term effects of the credit (Neumark and Shirley, 2017) found a positive effect on long-term earning prospects for single mothers.

Criticisms of the EITC tend to focus on two points. First, the federal EITC has experienced high error rates. A previous study (IRS, August 2014) estimated that overclaims averaged 24.2% from 2010 to 2013, due in large part to miscategorizing income, especially wage vs. self-employed income. This study and previous efforts, however, did not include a full assessment of underclaims, primarily returns where the EITC was not claimed although it could have been. The second criticism is based on this aspect, namely that every eligible household is not taking advantage of the credit, either due to the complexity of tax returns or because the household would not otherwise be required to file a tax return. Estimates vary on the extent of this situation, but IRS estimates place the number of eligible non-filers at about 20%.

Federal Child Credits

Under the recent federal tax reform, the former child tax credit and additional child tax credit portion were merged into a single factor. Beginning in 2018, the child tax credit is \$2,000 per eligible child, with \$1,400 (indexed for inflation) of the credit refundable for any amount remaining above the amount of tax owed. In addition, a new family credit is available for other dependents, but no portion is refundable.

The effect of this credit on incomes is illustrated in the following charts. These charts only reflect the refundable portion of the credit, and do not incorporate the net effects on income from taxes (income and payroll) owed.



Tax reform also retained the child and dependent care tax credit. This nonrefundable credit provides up to a \$3,000 credit for one child/dependent and \$6,000 for two or more based on the actual amounts paid for child and dependent care. The credit is equal to 35% of qualifying expenses for AGI up to \$15,000, and phases down to 20% for AGI of \$43,000 and over.

Administering Agency

The credit is administered through the Internal Review Service and is claimed through annual filing of a personal income tax return.

Eligibility

In general, the child tax credit covers children, grandchildren, and other eligible relatives under age 17. They must live in the taxpayer's home more than half the year, and not provide more than half their own support.

The credit is first applied to tax owed at \$2,000 per qualifying child, with up to \$1,400 refundable for any amounts above the tax. The refundable portion is capped at 15% of earned income in excess of \$4,500, up to the \$1,400 amount. The refundable portion is also reduced at the rate of \$50 for every \$1,000 of modified adjusted gross income above \$200,000 for single filers, and \$400,000 for joint filers.

The child and dependent care credit covers expenses related to paid care for children under age 13 and for other dependents who are incapable of taking care of themselves. The care payments must not be to a spouse, parent of the child, others listed as a dependent on the tax return, or another child age 18 or younger. Other conditions apply including the tax return must include earned income at least equal to the amount of the care payments, and the care must be necessary so the filer can work or look for work (with other qualifying provisions including full-time student and disabled filers). The allowable amount of the credit is 35% of qualifying care payments for adjusted gross

incomes of \$15,000 and under, with a reduction of 1% for every \$2,000 over that amount to a limit of 20% for incomes \$43,000 and over. The maximum credit is \$3,000 for one child and \$6,000 for two children or more. The credit is nonrefundable.

California has similar credits, both of which are nonrefundable. The dependent exemption credit is \$326 per dependent for single filers with income under \$172,615 and joint filers under \$345,235, with reductions for higher incomes. The state child and dependent care tax credit is 50% of the federal credit for incomes of \$40,000 or less, 43% for incomes \$40,001 - \$70,000, and 34% for incomes \$70,001 - \$100,000.

Caseload

While the primary tax credit has not yet been implemented in its revised form, an indication of the potential number of households that will benefit can be seen in number of returns containing the prior related credits. From the most recent IRS return data from Tax Year 2015, the California data shows the following levels:

- Child Care Credit: 696,360 returns included this credit, at an average of \$584 per return. By income, 40% of the returns showed an AGI of \$50,000 or less, and accounted for 24% of the total amount claimed.
- Child Tax Credit: 2,701,370 returns contained this credit, at an average of \$1,151. By income, 47% of the returns showed an AGI of \$50,000 or less, and accounted for 32% of the total amount claimed.
- Additional Child Credit: This related (partially refundable) credit was on 2,494,890 returns with an average of \$1,372 claimed. 94% of the returns and 64% of the amount claimed was on returns with an AGI of \$50,000 or less.

Applicability

These credits contain many elements in common with EITC, including a tie to earned income, single point of access through the tax system, and phased reductions that make this assistance available to more than just poverty income levels.

California EITC

Beginning in 2015 and as revised in 2017, California instituted a state EITC that builds on the federal structure. The 2017 revisions incorporated self-employment income along with earned income into the eligibility standards, comparable to the federal rules, along with providing an extension for low levels of assistance into a broader income range.

Administering Agency

The credit is administered through the Franchise Tax Board and is claimed through annual filing of a personal income tax return.

Eligibility

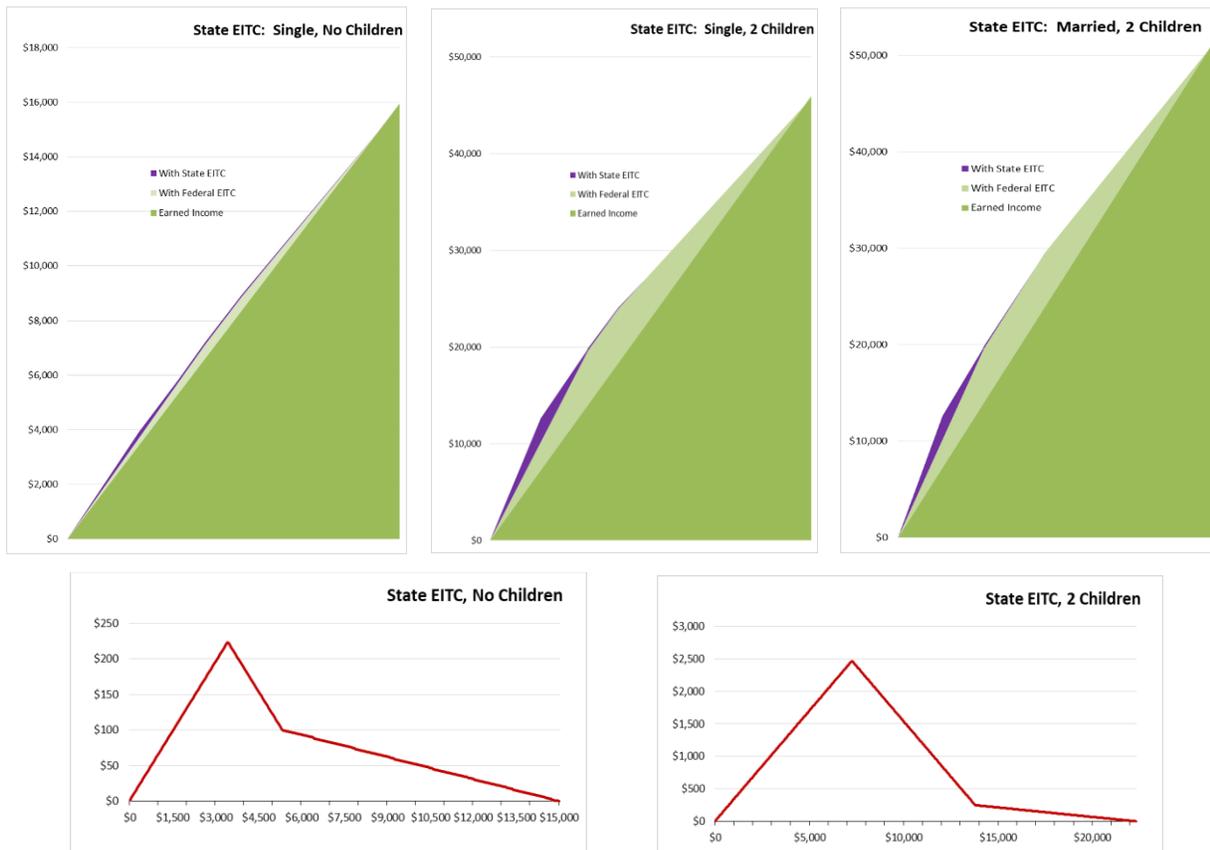
While the state EITC generally follows the eligibility provisions of federal law, the income limits are significantly lower. The amount of the available credit is also determined annually through a direct budget appropriation for this purpose rather than set in statute as a calculated amount.

Table 9: California EITC, Tax Year 2017

Number of Children:	0	1	2	3 or more
<i>Earned Income/AGI Limits</i>	\$15,008	\$22,232	\$22,309	\$22,302
<i>Maximum EITC</i>	\$223	\$1,495	\$2,467	\$2,775

Source: California Franchise Tax Board

For Tax Year 2017, the California EITC income limits and maximum credit are shown in Table 9. As with the federal credit, these are adjusted annually for inflation.



The figures above show how the state EITC works in conjunction with the federal provision. As with the previous charts for the federal EITC, these show the effects on total income and do not reflect the net effects remaining after payment of any taxes owed, including both income taxes and payroll taxes. As indicated, even with the 2017 revisions, the state EITC remains focused on poverty rather than promoting upward mobility.

Caseload

For the 2015 Tax Year, about 385,000 returns claimed about \$200 million for the state EITC, with an average of \$519 per return (AB 225, Assembly Committee on Revenue & Taxation analysis, March 13, 2017).

Applicability

With its foundation in the federal EITC, this state measure has similar potential as a means to address the upward mobility barriers identified through the other research components of this project. However, the significantly lower income levels and its lack of benefits for joint (i.e., potential dual income) filers reflect its focus as a program to alleviate poverty rather than facilitate upward mobility efforts by individuals and households. And even though the measure was expanded in 2017, it remains at very low levels compared to the federal EITC for all but the lowest incomes. As illustrated in the charts above, the state EITC remains primarily a tool to alleviate poverty at its lowest levels. The 2017 expansion to somewhat higher incomes provides less than \$100 for all household incomes above \$18,900.

CalFresh

CalFresh provides California's implementation of the federal Supplemental Nutrition Assistance Program (SNAP or food stamps). Benefits are available as an entitlement, and are issued as an Electronic Benefit Transfer (EBT) used to purchase qualifying food.

Administering Agency

The program is overseen by California Department of Social Services and administered through the counties. Federal funding is through the US Department of Agriculture. Federal funding covers the full cost of benefits issued under the program, but administrative costs are matched by the state (35%) and counties (15%).

Eligibility

Eligibility for some households is automatic based on eligibility for other cash assistance, primarily CalWORKS.

Other households except those containing persons age 60 and older or a disabled member, may qualify based on income levels through a two-part test. Gross income (earned and unearned with some exclusions) must be less than 200% of poverty. Net monthly income must be less than 100% of poverty, calculated after deducting: (1) 20% of earned income, a standard deduction (\$160 for households of 1-3 persons, \$170 for 4, \$199 for 5, and \$228 for 6 or more), (2) monthly shelter cost in excess of 50% of household income (after the previous deductions) to a maximum of \$535, (3) a homeless household shelter deduction where applicable of \$143 in place of the shelter cost deduction, (4) standard utility allowance of \$397 where utilities are paid separately, (5) limited utility allowance of \$126 for households paying at least two separate utilities other than heating and cooling, (6) a telephone utility allowance of \$18 for households not eligible for the other two utility

allowances, (7) dependent care deduction for the actual cost of care payments (conditional on maintaining qualifying work activities), and (8) medical expenses in excess of \$35 per household incurred by household members over age 60 or disabled. Recipients are required to report their income both semi-annually and when changes occur.

Asset limits of \$2,250 (\$3,250 if household member age 60 and older or disabled) may also apply to households with a member who has been disqualified because of an intentional program violation, head of household not complying with the work requirements, and those with members convicted of certain drug felonies.

Transitional benefits may be available for up to 5 months after leaving CalWORKS without having to qualify separately for CalFresh based on income.

In 2018, the maximum CalFresh benefits are: (1) \$192 for one person, (2) \$352 for 2 persons, (3) \$504 for 3 persons, (4) \$640 for 4 persons, (5) \$760 for 5 persons, (6) \$913 for 6 persons, (7) \$1,009 for 7 persons, (8) \$1,153 for 8 persons, and (9) \$144 for each additional person. These amounts are adjusted annually for inflation. The allowable benefits are determined by subtracting 30% of net income (as calculated above) from the appropriate maximum benefit.

Persons receiving CalFresh but not receiving CalWORKS or Tribal TANF are eligible for an additional \$10 per month under the Work Incentive Nutrition Supplement (WINS) program, subject to meeting the associated work requirements.

Persons not otherwise eligible for CalFresh based solely on immigration status can qualify under the companion California Food Assistance Program. Benefits are fully supported by state funds.

Caseload

Table 10: CalFresh Caseload (households)

FY	NACF	Total CalFresh	WINS
2007-08	625,523	884,505	n/a
2008-09	776,043	1,057,067	n/a
2009-10	1,009,316	1,328,085	n/a
2010-11	1,207,840	1,561,553	n/a
2011-12	1,411,826	1,741,796	n/a
2012-13	1,568,315	1,882,263	n/a
2013-14	1,678,682	1,986,558	n/a
2014-15	1,783,694	2,082,288	172,987
2015-16	1,837,204	2,109,623	187,527
2016-17	1,757,887	2,012,945	174,391
2017-18	1,699,980	n/a	165,211
2018-19	1,637,152	n/a	165,294

Source: California Department of Social Services

Annual caseload (in households) is shown in Table 10 broken down by total beneficiaries, beneficiaries qualifying through the income criteria rather than CalWORKS (NACF—Non Assistance CalFRESH), and participants in the WINS program.

Applicability

CalFresh benefits extend beyond strict poverty levels to apply to some transitional income levels as well. For other than recipients becoming automatically eligible as part of other benefit programs, though, the application procedures require being able to maneuver through bureaucratic process, and eligibility is subject to being pulled based on changes to family income, composition, and housing situation. While the program has some earned income-related requirements, the potential added benefits are small and less likely to have a strong effect compared to how some of the other programs are structured. Moreover, earned income is treated as a disincentive, producing reduced benefits at any point, while the level of benefits is tied more to the cost side of household finances.

Special Supplemental Nutrition Program for Women, Infants & Children

WIC provides vouchers to purchase specified foods including infant formula to qualifying low-income pregnant, breastfeeding and postpartum women, infants, and children up to age 5. The benefits come in the form of food checks or EBT cards for specified foods that can be used in stores and certified farmers' markets. The program also provides education, breastfeeding support, health referrals, and other social services.

Administering Agency

The program is administered through California Department of Public Health under agreements with counties and other local agencies. Federal funding is through US Department of Agriculture. Funding comes from a discretionary federal grant (subject to annual appropriation by Congress), reallocation of prior year unspent funds, and rebates from formula manufacturers holding contracts with the states.

Eligibility

Eligible recipients must be low-income pregnant, breastfeeding and postpartum women, infants, and children up to age 5 with household income below 185% of poverty. Applicants must be at nutritional risk as determined by a health professional.

Table 11: WIC Caseload

CY	Participants	Average Cost
2010	2,240,448	\$471
2011	2,220,348	\$504
2012	2,168,642	\$497
2013	2,108,430	\$482
2014	2,033,031	\$490
2015	1,925,560	\$482
2016	1,814,023	\$465

Source: California Department of Public Health

Caseload

Total caseload along with average annual cost per participant is summarized in Table 11.

Applicability

This circumstances of this program make its applicability similar to the far larger CalFresh program. While potentially applying to individuals in specific circumstances, the WIC targets a specific segment of the population, with less broad application and with benefits at substantially lower levels.

Realignment

While not strictly a separate program category, the 1991 and 2011 Realignments were both budget shortfall strategies that transferred responsibility along with revenues from the state to the counties for a broad range of social and welfare programs. Comparisons of state funding over time need to take into account these shifts of fiscal responsibility, which involved transforming formerly-general fund programs into special fund and local responsibilities.

The 1991 Realignment transferred the following programs to the counties:

- Community-based mental health programs
- State hospital services for county patients
- Institutions for Mental Disease
- AB 8 County Health Services, providing public and indigent health services
- Local Health Services, providing public health staff to smaller rural counties
- Medically Indigent Services Program
- County Medical Services Program.

The required county matching share was increased for the following:

- California Children's Services Program, providing medical services to eligible children with specific chronic medical conditions.
- Aid to Families with Dependent Children (AFDC, later TANF) Foster Care, providing grants to eligible foster children.
- Child Welfare Services Program, providing services to abused and neglected children in foster care and with their families.
- IHSS (see description below).

- County Services Block Grant, available to use for various social services.
- Adoption Assistance Program, providing grants to parents adopting children with special needs.
- Greater Avenues for Independence (GAIN) Program, subsequently replaced by CalWORKS education and job training services.

Offsetting changes were enacted by reducing the county matching requirement for the AFDC Family (subsequently replaced by CalWORKS) and for county administration of social services programs. Dedicated revenues were raised through a 24.33% increase in the Vehicle License Fee (VLF) and a half-cent increase in the state portion of the sales and use tax, both of which were allocated as special funds to the counties.

In a similar budget crisis, the 2011 Realignment adopted similar strategies and transferred the following programs to the county level:

- Mental Health Managed Care
- Early and Period Screening, Diagnosis, and Treatment program for Medi-Cal beneficiaries under age 21 necessary to correct a physical or mental illness defect otherwise not covered by Medicaid.
- Substance abuse programs.
- Foster Care and Child Welfare Services (100% of nonfederal costs, up from the partial transfer in 1991)
- Adult Protective Services, to investigate reports of abuse and neglect of seniors and dependent adults.
- CalWORKS/Mental Health Transfer provided revenue for mental health programs, thereby freeing up existing county mental health funding to pay a higher share of the CalWORKS grant costs. Counties retained a maintenance of effort (MOE) for expenditures on administration and welfare-to-work services, but with significant control over how services are provided and when to sanction beneficiaries for noncompliance.
- Various criminal justice programs including adult offenders and parolees, trial court security, and juvenile justice.

Revenue transfers consisted of a shift in 1.0625 cents of the state portion of sales and use tax, redirection of VLF funds (offset by a \$12 increase in the vehicle registration fee), transfer of funds related to the 1991 mental health realignment and CalWORKS, and one-time transfers from existing funds. General fund savings were predicated on reducing the Prop. 98 obligations (from shifting some revenues from general to special funds) and reducing overall costs by reducing cost pressures

on the state prison system. The Prop. 98 consideration, however, was also contingent on subsequent voter approval of a tax increase to fund schools.

Housing Assistance

Housing Subsidies

The state—both directly and in conjunction with federal and local programs—provides multiple sources of assistance for housing costs, both through subsidies and through affordable housing construction in an effort to increase the available supply of housing accessible to the subsidized income levels.

Housing cost assistance programs include:

- **Public Housing:** Constructed primarily through grants from US Department of Housing & Urban Development (HUD) through the mid-1990s and administered by local public housing authorities. Eligible households are 80% of the area's median income or lower, and 40% of new admissions must be at 30% of median income or lower. HUD estimates for 2017 (based on 2010 Census) show the total number of public housing units under HUD programs in California was 29,444, of which 27,924 (95%) were occupied.
- **Housing Choice Vouchers:** Funded through HUD and administered by local public housing authorities. Eligible households are 50% of area median income or lower. This component of the Section 8 program provides vouchers to the rent, and can apply to any unit that passes inspection and meets the fair rental standards. HUD estimates for 2017 (based on 2010 Census) show the total number of vouchers in California was 306,134 at an average monthly subsidy cost of \$1,085.
- **Section 8 Rental Assistance:** Funded through HUD and administered by local public housing authorities. Eligible households are 50% of area median income or lower. Rental assistance is tied to specific properties and does not move as the tenant moves as in the voucher program. HUD estimates for 2017 (based on 2010 Census) show 101,751 available units, of which 98,747 were occupied at an average monthly subsidy cost of \$1,032.
- **MyHome Down Payment Assistance:** Through California Housing Finance Agency (CalHFA), provides down payment assistance loans for low income and moderate income (limits defined by county) first-time homebuyers (defined as someone who has not owned or occupied their own home in the last 3 years). Assistance is through a deferred-payment junior loan of up to 3.5% of the purchase/appraised price. Current maximum home value is currently \$660,000. Applicants must also complete a certificated homebuyer education counseling course. The agency's most current annual report indicates that in 2016-17, CalHFA participated in 7,259 single family loans (conventional and FHA), compared to 4,792 in 2007-08. Multi-family projects contained 1,929 units (construction, rehabilitation, and conversion), compared to 720 in 2011-12 when this financing began. The annual report also shows that on average, regulatory agreements (Section 8 and other low income) will be expiring on 939 units covered by the CalHFA programs annually over the next four years.

- **Mobilehome Park Rehabilitation & Resident Ownership Program:** Through a Department of Housing & Community Development revolving fund, assists transfer of mobile home park ownership to residents, nonprofits, or local agencies. Eligible parks must be at least 30% low-income residents.
- **CalWORKS Homeless Assistance Program:** Through Department of Social Services, may provide a once-a-year payment to assist in securing permanent housing or temporary housing while seeking permanent housing. Available to those receiving CalWORKS benefits.
- **CalWORKS Housing Support Program:** Through Department of Social Services, provides housing assistance for homelessness prevention. Available to those receiving CalWORKS benefits.
- **Bringing Families Home Program:** Through Department of Social Services, provides matching grant to counties to reduce homelessness. Eligible families are those who are homeless and part of the child welfare system.
- **Mental Health Service Act:** Funds generated by the state Millionaire's Tax (1% surcharge on incomes over \$1 million regardless of filing status) allocated at the state level support construction and rehabilitation of supportive housing, and at the local level, provides local agencies with flexible options including rental assistance. Eligible persons are those experiencing or at risk of homelessness currently being served by the state and county mental healthcare system.
- **SSI/SSP Outreach to Homeless Individuals with Disabilities:** Through Department of Social Services, targets homeless individuals with disabilities to increase enrollment in the available disability benefits programs.
- **Emergency Solutions Grant Program:** Grants through HUD and administered by Department of Housing & Community Development and specified entitlement local agencies. Funds rapid rehousing, outreach, services, and other activities for persons experiencing or at risk of homelessness. HUD data shows California grants in FY 2017 at \$34.3 million.
- **Continuum of Care/Emergency Shelters Program:** Grants through HUD for various homeless programs. HUD data shows California grants in FY 2017 at \$353.9 million in FY 2017, compared to \$241.7 million in FY 2007.

Affordable housing construction programs include:

- Redevelopment agencies previously were a primary source of funding for affordable housing, providing over \$1 billion annually for this purpose. Site acquisition, utilities, and/or construction were financed through bonds backed by incremental property taxes from the portion of higher assessed value generated by the redevelopment activities. Affordable housing requirements included: 15% of units by developers other than the

redevelopment agency (RDA) to low- and moderate-income households, with at least 40% of these units for very low-income; 30% of units by RDA to low- and moderate-income households, with at least 50% of these units for very low-income; rental units remain affordable for 55 years and owner units for at least 45 years; units to fulfill these requirements must be developed at a 2:1 offset. As a result of these standards, RDAs were one of the few housing programs designed to address shortages for both low and middle incomes.

From 1995-96 to 2007-08, HUD data shows an average annual 4,391 new affordable housing units, 1,620 rehabilitated units, and 708 units with affordability covenants under the California RDAs.

This program was eliminated by California in 2011. Since then, a number of new entities have been authorized capable of conducting similar activities but at lower levels, including Affordable Housing Beneficiary Districts (AB 2031, 2016), Enhanced Infrastructure Financing Districts (SB 628, 2014), and Community Revitalization & Investment Authorities (AB 2, 2015). These entities, however, rely on local governments' willingness to allocate a portion of property taxes to affordable housing purposes at a time when local public services in general are being crowded out by growing pension payments for both current employees and accumulated pension debt (California League of Cities, January 2018).

- **Low Income Housing Tax Credit:** Awarded through the California Tax Credit Allocation Committee (CTCAC) in the Treasurer's Office, tax credits are available on both state and federal level to leverage investment in the construction and rehabilitation of affordable rental housing. Credits are based on either 30% (4% credit) or 70% (9% credit) of the eligible development costs based on whether tax-exempt bonds are used. Eligible projects under federal law must set aside at least 40% of units for renters earning no more than 60% of the area's median income or 20% of the units for renters at 50% or less of median income. Maximum rent including an allowance for utilities must be less than 30% of the renters' imputed income (based on area median income) and remain affordable for at least 55 years.

CTCAC data shows an average annual new construction of 8,164 units from 2000 to 2016, and average of 6,750 rehabilitated units under both the 9% and 4% credit programs. Average project cost per unit under the 9% credit went from \$316,901 in 2011 to \$430,784 in 2016, a cost level that is higher than the median value for all homes in every state except California, District of Columbia, and Hawaii (source: Zillow Data). Project costs for the 4% credit were only slightly lower at \$311,833 in 2011 and \$401,548 in 2016. Rehabilitation costs in 2016 averaged \$321,114 for the 9% credit and \$214,784 for the 4% credit.

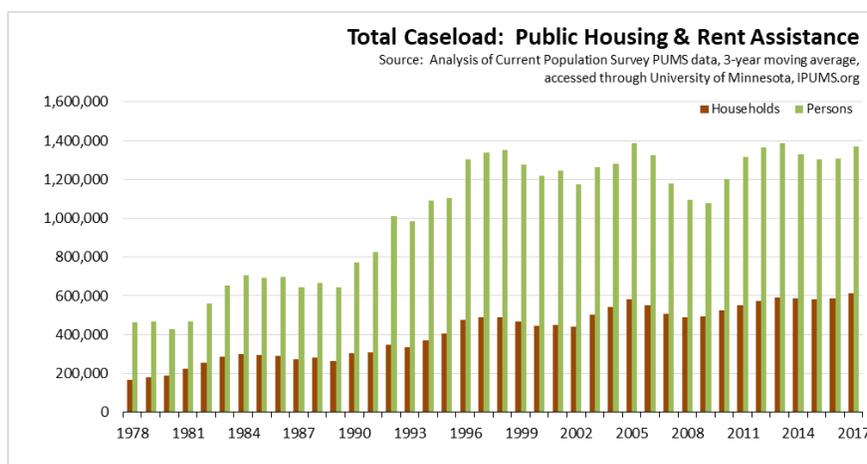
With recent passage of federal tax reform, concerns are now being expressed over potential reductions in the number of units that can be financed in future years, as the value of the tax credits decline along with tax rates. The more draconian predictions that see effects similar to those coming from the state's earlier elimination of RDAs are based on a simpler analyses that just consider changing corporate rates, and do not take into account the effects of pass-through rates faced by an increasing share of companies and the highest-in-the-nation combined rates faced by individuals in California. While there is likely to be some effect, the scale is still uncertain.

- **Housing Bonds:** Recent housing bonds consist of Prop. 46 (2002) and Prop. 1C (2006) providing a total of \$4.95 billion for affordable housing construction, infrastructure, and a number of related and other programs. Funding has been fully committed, including to several of the various programs described in this section, although debt service continues annually through the general fund. SB 3, Veterans & Affordable Housing Bond Act of 2018, is currently on the November 2018 ballot, and would provide \$4 billion for various housing programs. Using the 2016 average from CTCAC as above and adjusting for administrative costs, this amount is sufficient to build a net marginal addition of 8,000 units, although the actual number covered will be larger as the bond amounts are combined with sources from other private and public sources that in most cases would otherwise be used for affordable housing. Using the 2016 average tax credit amount per unit from CTCAC data as the required amount of public subsidy per affordable unit, this amount of bond money would be sufficient to leverage a total of about 26,000 new and rehabilitated units over the multi-year period of the bond. These 26,000 units over the 5 to 15 year build-out period under the bond are equivalent to only 14% of the new units required in just one year to maintain pace with population growth in the state.
- **Community Development Block Grant:** Grants through HUD and administered through Department of Housing & Community Development along with specified local entitlement local governments. Available for housing construction and rehabilitation along with related public improvements and public services. Housing programs are for households with 80% of area median income or less. These grants, however, are available for a broad range of local purposes related to community and economic development. In FY 2017, HUD data shows total grant awards in California at \$356.9 million, compared to \$473.2 million in 2007. Grant levels have been roughly level since FY 2012.
- **HOME Investments Partnership Program:** Grants through HUD and administered through Department of Housing & Community Development along with specified local entitlement local governments. Available for rental assistance and for construction, acquiring, and rehabilitating affordable housing for rent or for ownership. Rental housing must be at least 90% for households with 60% or below area median income. Rental housing with more than 5 assisted units must provide at least 20% of the units to households with 50% or below area median income. All programs cover only up to 80% of area median income. HUD data shows FY 2017 grants to California at \$582.5 million, down from the peak of \$1,563.9 million in FY 2009.
- **National Housing Trust Fund:** Created in 2008, provides grants to states through HUD for construction or preservation of affordable housing, with at least 75% going to rental housing for extremely low-income (30% of area median income or below) and all funds for 50% of area median income or below. Up to 10% of the grant is available for homeownership programs.
- **Rural Housing Programs:** Provides loans, grants, and loan guarantees through US Department of Agriculture for various housing and related community services directly to households, public agencies, and non-profits. Qualifications differ by program, but range

from 120% of area median income for section 515 rehabilitation loans and section 514/516 farmworker housing, to 50%/30% for the section 502 direct loan programs.

- **Affordable Housing & Sustainable Communities:** Through Department of Housing & Community Development, funds housing, transportation, and conservation projects to reduce greenhouse gas emission through 20% of the cap and trade auction revenues. Half of the program funds are supposed to go to affordable housing.
- **No Place Like Home:** Through Department of Housing & Community Development, supports construction, preservation, and rehabilitation of supportive housing for persons with mental health supportive needs who are homeless, chronically homeless, or at risk of chronic homelessness. Funds are through a \$2 billion revenue bond backed by future Prop. 63 (Millionaire’s Tax) revenues.
- **Housing Opportunities for Persons with AIDS:** Grants through HUD and administered by Department of Public Health. Provides wide range of services including housing construction and rehabilitation, rental assistance, and various social services. Eligibility is for persons with HIV/AIDS and their families with incomes at 80% of area median income and below, but primarily serving 30% area median income and below. HUD data shows total grants to California at \$38.9 million in FY 2017, compared to \$33.7 million in FY 2007.

Caseload



Total caseload estimates for the full range of housing programs is difficult to obtain due to the large number of programs involved, their differing levels of reporting, households benefiting from more than one program, and the considerable differences in eligibility. One estimate, however, can be made from the Annual Social & Economic Supplement (ASEC) to the Current Population Survey (CPS). From the public use microdata sample (PUMS) analyzed through the University of Minnesota, IPUMS.org, the total number of Californians reporting as living in public housing or receiving rental assistance (any source) was 655,000 households (1,410,000 persons) in 2017. These numbers are based on self-reporting, and other estimates put the number somewhat higher. For example, an LAO report (February 2016) places the estimate at roughly 800,000 households, but gives no details on how this number was derived.

Changes in caseload over time are illustrated in the above chart. Due to the relatively smaller sample size of the CPS, the numbers in the chart are shown as 3-year moving averages to provide a more accurate comparison year-to-year.

As indicated, housing assistance programs experienced budget cutbacks along with other social services in general during the recent recession. This situation was made worse as many Californians were transformed into renters following the housing collapse, putting additional pressure on an already-limited rental supply. Program caseload then began climbing as additional funding became available for affordable units including federal recovery funds, and continued as the remaining affordable housing projects under the former redevelopment agencies were brought to completion. Caseload has since begun to rise again as new funds have been allocated, but at a slower rate as a result of the growing per unit cost required for this assistance to be possible, and increasing shortfalls in the available supply.

Applicability

While there are extensive housing assistance programs on the federal, state, and local levels, they are limited in their applicability to dealing with the rising housing costs that are now a key barrier to upward economic mobility in California:

- The programs at their base are intended to relieve poverty conditions in the state rather than promote broader affordability, and increasingly are being reshaped to prevent and combat homelessness for those in very low and extreme poverty. While a few are open to moderate incomes, the key program in this respect—redevelopment agencies—no longer exists in California. Rising housing costs, however, are a much broader state-wide issue affecting low and middle incomes and, especially in the Bay Area and coastal regions, upper middle incomes as well. As discussed in more detail in the project’s Data Report, these rising costs have a widespread and profound effect on the effective rate of poverty, reduced labor mobility, barriers to vocational and higher education, greater risk aversion as the housing consequences of making the wrong economic choice become too severe, and increasingly barriers to future jobs expansion in the state needed to provide income growth opportunities.
- The programs do not deal with the core problem causing rising costs in the state—severely reduced supply as the result of housing construction falling well below the level required to keep pace with the state’s growing population, beginning in the 1990s but significantly more pronounced over the past decade. While some tentative measures towards reform have been adopted last year by the state, significant barriers remain that reduce the pace of new construction and raise the price of what units that are built, including multi-year delays, costs, and litigation associated with the CEQA, entitlement, and permit processes along with additional costs through rising local impact fees and through regulations related to energy conservation, VMT reduction (vehicle miles traveled), and other measures that directly increase of the cost of building each new unit.

Growing shortages of construction workers may also be contributing to lower building levels, although construction employment in 2017 still remained 13% (122,000 workers)

below the prior peak in 2006. Contributing factors to this tightening labor supply at levels well below prior years may include entry barriers poised by the construction unions' continued efforts to extend prevailing wage requirements to more project types, and the continuing migration of construction workers to other states with fewer barriers to new construction and lower costs of living, in particular lower housing costs.

- While the caseload covered by the housing programs is now again rising, the numbers fall well short of what is now a pervasive challenge affecting an ever-rising range of incomes. Using the combined caseload estimate above, the current programs provide assistance to a population equivalent only to a quarter of those living in poverty in the state, let alone taking into account the subsequent income bands facing comparable challenges in finding adequate housing they can afford. As a reflection of this situation, press reports indicate 43,000 persons applied for 7,000 slots available when the Sacramento Housing and Redevelopment Agency recently opened up enrollment in its Housing Choice Voucher Program for the first time since 2014, and even those lucky enough to win this lottery are likely to face waits of one to two years before units become available. Policy reliance on expanding this approach of providing subsidies to all those impacted by rising housing costs would be cost prohibitive and likely result in increasing cost pressures on an already-constrained lower cost housing supply.
- Similarly, expansion of affordable housing construction to the levels required would require amounts substantially higher than those allocated to date. Even at historical levels, affordable housing construction has been in the thousands, whereas the current crisis requires tens if not hundreds of thousands annually. Continually rising development costs per unit also means the number of potential units that can be created through the available funding continues to drop. This offsetting situation can only be corrected by reforms that reduce the costs of entitlement, permitting, and construction to begin with for affordable units as well.
- These challenges mean the state's housing programs as they are currently constituted likely can never be more than a deep poverty response. The length of the current waiting lists combined with the excessively long lead time for any meaningful caseload capacity expansion effectively means that only those remaining below the income requirements for long periods of time are likely to ever receive the actual assistance. Upward mobility by its nature means the households are seeking to increase their incomes and thereby are unlikely to receive these benefits when they are needed the most.
- Other measures now used such as inclusionary requirements—requiring dedication of affordable units as the cost of agency approvals for market rate housing developments—only shift the costs from agencies to the remaining market rate buyers. In the process, the required development cost/sales price of the market units rises even higher, resulting in the production of housing only for lower and higher incomes and further decreasing the supply required to meet the needs of households attempting to transition from lower to middle incomes. Though this squeeze on the middle market, the marginal cost of upward economic movement to the middle incomes can become far too high a barrier just from housing costs and housing availability alone.

- The current housing programs fundamentally relegate lower income Californians to renter status. While some programs still exist to promote home ownership at these levels, the recent housing reforms adopted in California and the focus of the bulk of the programs is on rentals rather than home ownership that would increase asset acquisition required for wealth creation and retirement savings along with longer-term income prospects for the lower income groups.

Utility Assistance

The cost of utilities is the other component of housing incorporated along with rent and mortgage payments into affordability calculations. The primary programs providing assistance include the following:

- **Low Income Heat and Energy Assistance Program (LIHEAP):** Funded through US Department of Health & Human Services and administered by California Department of Community Services & Development, this program provides one-time assistance to offset heating and cooling costs under the Home Energy Assistance Program, assistance to deal with emergency situations such as impending shut-off of utilities under Energy Crisis Intervention Program, and weatherization/energy conservation measures under the Weatherization Program. Eligible persons are 60% or below state median income. Persons enrolled in specified programs such as CalWORKS, SSI/SSP, and food stamps automatically qualify. In FY 2016, the program reports show that 219,265 households in California received some sort of LIHEAP assistance, of which 209,598 received bill payment assistance. This caseload was down slightly from 223,028 households in 2015.
- **Low-Income Weatherization Program:** Funded through California cap and trade revenues and administered through California Department of Community Services & Development, provides grants for installation of solar systems and energy efficiency measures in low income housing in disadvantaged communities. In general, eligible beneficiaries are 60% or below state median income. Caseload is not available as the program report documents instead focus on expenditures and number of meeting attendees rather than households served. The expenditure information is contained in the Budget section of this report.
- **Weatherization Assistance Program (WAP):** Funded through US Department of Energy and administered through California Department of Community Services & Development, provides energy efficiency audits and services based on audit results for energy efficiency and weatherization improvements in low income households. Eligibility covers 60% or below state median income, but will also vary by energy use and other factors. No information available on caseload beyond expenditures.
- **California Alternate Rates for Energy (CARE):** California Public Utilities Commission requires all regulated utilities to offer subsidized rate for low income households. CARE provides a 30% to 35% discount on electric bills and 20% on natural gas bills for households at 200% or below poverty level. Households may also qualify if they have a member enrolled in other public assistance programs, including Medi-Cal, WIC, free school lunch program, LIHEAP, SSI/SSP, and CalWORKS. Enrollees are required to re-enroll every two years (4 years if on fixed income) and are required to notify their utility if their eligibility

changes. The related Family Electric Rate Assistance Program (FERA) provides a 12% discount on a portion of the electric bill for households between 200% and 250% of poverty. Energy Savings Assistance Program provides yet another weatherization assistance program for low income households. The publicly owned utilities offer similar programs. Caseload information along with average benefits for 2015 are shown in Table 12.

Table 12: Utility Assistance Programs, 2015

	CARE				FERA				ESA		
	Participants	Admin (\$mm)	Benefits (\$mm)	Average Benefits	Participants	Admin (\$mm)	Benefits (\$mm)	Average Benefits	Participants	Cost (\$mm)	Average Cost
PG&E	1,423,673	\$14.14	\$558.56	\$392	29,319	\$0.02	\$3.59	\$123	100,573	\$136.78	\$1,360
SCE	1,281,620	\$4.77	\$372.59	\$291	20,866	\$0.25	\$2.55	\$122	54,127	\$51.33	\$948
SDGE	271,247	\$5.35	\$76.45	\$282	47,109	\$0.05	\$0.98	\$21	20,209	\$17.36	\$859
SoCalGas	1,556,906	\$7.01	\$102.28	\$66	n/a	n/a	n/a	n/a	80,316	\$74.82	\$932
Total		\$31.27	\$1,109.88			\$0.33	\$7.12		255,225	\$280.28	\$1,098

Source: California Public Utilities Commission, Income Qualified Programs Annual Reports

- **California Climate Credit:** As discussed in the project’s related Data Report, implementation of the state’s climate change program has seen an escalation in both electricity rates and the average residential electricity bill. Residential and small business customers of only the regulated investor owned utilities receive a partial rebate to help reduce the size of these additional costs. Under requirements issued by California Public Utilities Commission, the rebates are funded from the sale of emissions credits previously issued to these utilities and sold in the cap and trade auctions. In 2017, CPUC reports show the credit amounts applied to residential customer bills were: PG&E \$17.40, SDG&E \$29.62, SCE \$31.00, Liberty Utilities \$23.72, and Pacific Power \$106.94. Using the average number of customers for the first 11 months of 2017, these rates translate into an estimated total 2017 rebate of \$249 million. The rebates are not income-tested, and apply equally to all customers regardless of electricity use. For example, Energy Commission data shows that average household electricity consumption in the lower income interior regions is as much as 62% higher than the higher income coastal areas, but households within the same utility territory still receive the same amount of rebate. Similar rebates are not provided to mitigate the costs of the state’s climate change program on other energy costs including gasoline.
- Other utility subsidies include LifeLine providing one discounted home phone or cell phone service for households enrolled in qualifying assistance programs or earning 150% or less of poverty. Administered by California Public Utilities Service, this program covers both the state (home and cell) and federal (cell) components funded by surcharges on telephone bills.

Applicability

The utility assistance have less direct applicability due to the wide variability in availability due to location, income standards, and funding levels:

- Although publicly owned utilities often have comparable programs, the primary funding applies only to the areas served by the regulated utilities.

- The value of these programs is eroding rapidly and in some cases eliminated by the rise in state's utility rates overall. Regulatory programs continue to keep California electricity rates high and rising, the 6th highest among the states in the most recent data.
- Some of the assistance programs focus on reducing energy use rather than monthly rates. The potential caseload, however, remains low due to funding, and the application process presents yet another set of paper hurdles to low income households struggling to allocate their time to existing demands.
- The primary assistance programs were formed to mitigate the effects of broader-reaching regulatory policies in the state. As designed, they have the potential to reach only a portion of affected low income and far smaller component of moderate and middle income households. Due to their funding sources—fees imposed on consumers and directly or indirectly through higher utility operating costs—several of the larger programs also result in transforming households from beneficiaries to revenue source as soon as they pass the program income limits. While the cost effect is smaller than in the case of housing itself, this aspect of the utility programs contributes to the overall cost barriers created by existing assistance programs to the ability to transition from dependence to income mobility.

Rising utility costs, however, remain a component adding to the unaffordability of California housing, and directly increases the estimated number of households that are cost burdened (paying 30% or more of household income on housing costs) or severely cost burdened (paying 50% or more). In the absence of state policies that consider these effects on housing affordability more directly and for a broader range of incomes, programs such as these address at least a portion of the households where these costs contribute to the upward mobility barriers.

Health Care Programs

Medi-Cal

Medi-Cal provides health care for children and adults meeting specified income limits. Coverage has varied in recent years depending on the fiscal condition of the state budget, but currently covers vision and dental as well.

Administering Agency

Department of Health Care Services (DHCS) administers the California Medical Assistance Program (Medi-Cal) which serves as California's implementation of the federal-state Medicaid program, the federal Children's Health Insurance Program (CHIP), and various state-specific elements that supplement these benefits or extend them to segments of the population not otherwise eligible under federal law. Federal funding and oversight is primarily through the Federal Centers for Medicare & Medicaid Services (CMS). DHCS administers the program and sets eligibility, benefit, provider payment, and beneficiary cost-sharing levels. Counties conduct eligibility determination, oversee enrollment and recertification, and in 22 counties, provide services through a County Organized Health System. Enrollment for persons covered by the Affordable Care Act (ACA) optional expansion is through Covered California. In addition, California Department of Aging administers the Multipurpose Senior Services Program (MSSP) providing health and social care management for frail seniors who would otherwise be placed in a nursing facility, and the Community-Based Adult Services (CBAS) program contracting with community centers providing day health programs for adults age 18 and over.

Eligibility

Persons are automatically eligible with no cost share if they are already enrolled in CalWORKS, SSI/SSP, Refugee Assistance, Foster Care (up to age 26), or Adoption Assistance.

Persons not qualifying based on income may be eligible if they are: 65 or older, blind, disabled, under 21, pregnant, in a skilled nursing or intermediate care home, have refugee status (applies for limited time), have been screened for breast and/or cervical cancer, or a parent/caretaker relative of a child under 21 if the child's parent is deceased or does not live with the child, incapacitated, or underemployed or unemployed. Asset limits may apply, generally \$2,000 for one person, \$3,000 if two persons, and up to \$4,200 for 10 or more. There are various asset exemptions to these limits including principal residence, real property used in a trade or business, one vehicle (with value limit), and others.

Eligibility under the optional ACA Medicaid expansion covers persons between 100% to 138% of the applicable federal poverty guideline.

Eligibility under Healthy Families (CHIP) is for children up to age 19, not eligible for Medi-Cal, with family incomes of up to 250% of the applicable federal poverty guideline.

Eligibility for Medi-Cal Access Program (MCAP) is for pregnant women, family income between 213% and 322% of applicable federal poverty guideline, and not eligible for Medi-Cal, Covered California, or covered by private insurance (with exceptions). A one-time payment applies based on income.

Caseload

Using Department of Finance population estimates, Medi-Cal’s coverage went from 18% of the state’s population in 2007-08 to a projected 34% in 2017-18. Following adoption of the ACA’s optional Medicaid expansion, enrollment grew much faster than previous budget projections as a result of higher than expected optional enrollment plus increased enrollment in the other categories as awareness grew of program eligibility under the core components.

Table 13: Medi-Cal, Estimated Average Monthly Enrollees (million)

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Public Assistance	2.547	2.685	2.798	2.892	2.860	2.836	2.863	2.938	2.847	2.727	2.664	2.671
Long Term Care	0.063	0.063	0.063	0.063	0.062	0.062	0.060	0.058	0.056	0.055	0.054	0.054
Medically Needy	3.306	3.394	3.630	3.785	3.919	3.958	4.045	4.426	4.458	4.305	4.225	4.217
Medically Indigent	0.227	0.229	0.232	0.229	0.225	0.218	1.070	0.263	0.242	0.198	0.179	0.178
ACA Optional Expansion	0.000	0.000	0.000	0.000	0.000	0.000	0.000	2.579	3.431	3.744	3.863	3.882
Other	0.507	0.522	0.546	0.554	0.569	0.861	1.649	1.978	2.350	2.508	2.484	2.474
Total	6.650	6.892	7.268	7.523	7.634	7.935	9.688	12.243	13.383	13.536	13.469	13.476

Source: California Department of Health Care Services

Applicability

Even with the optional ACA expansion, Medi-Cal remains primarily focused on low income Californians below or near the effective poverty lines in the state. Using the 2018 poverty guidelines, coverage would stop at \$34,638 for a family of 4, or the equivalent of \$19.50 an hour (based on the 2017 California average of 34.5 hours a week for private sector wage and salary jobs).

While individual components such as MCAP and Healthy Families can result in eligibility for some moderate income levels, these apply only to specified family members. Continued federal funding for Healthy Families/CHIP has also been an issue in recent years. In earlier versions of the ACA, CHIP was proposed for elimination for fiscal scoring purposes and under the assumption—since unrealized—that coverage for all children would result from other provisions in this Act. The final version retained CHIP but with funding authorized only through September 2015, which was later extended to September 2017 and just recently to September 2023.

Health care choices have been limited under Medi-Cal, and in recent years, access to health care has also been an issue. During the recent recession as state revenues plummeted, budget solutions included reducing Medi-Cal reimbursement rates and eliminating Medi-Cal coverage for items such as adult dental care. While most of these reductions have been restored, California continues to provide some of the lowest reimbursement rates among the states—the second lowest as measured by a Medicaid-to-Medicare Fee Index of 0.52 compared to the national average of 0.72 (Kaiser Family Foundation, State Health Facts, Medicaid-to-Medicare Fee Index, 2016)—a factor which has

limited the number of physicians willing to take on new Medi-Cal patients. Medi-Cal has worked to ensure health coverage availability by moving enrollment more to managed care rather than fee-for-service. However, the program remains vulnerable in future budgetary downturns, in particular because it continues to require a rising share of total state revenues as enrollment continues to increase and as the required state match for the optional ACA enrollment continues to rise from the original 0% to the eventual 10% mandated under current law.

Enrollment is also expected to shift as a result of the mandated increases to \$15 an hour for minimum wage. While no hard estimates yet exist, LAO (November 2017) projects savings of “hundreds of millions of dollars” annually by the full increase in 2021-22, although families losing Medi-Cal eligibility likely would remain eligible for federal subsidies for insurance policies through Covered California. The likelihood of savings, however, will also depend on the degree to which the minimum wage has no effect on the supply of jobs or the acceleration of technology replacing or changing job qualifications at the lower wage levels.

In-Home Supportive Services (IHSS)

IHSS provides an alternative to nursing homes and other long-term care services by providing a range of personal services allowing seniors and the disabled to remain within their homes. IHSS workers may be family members, friends, or contractors paid through the counties from state and federal funds.

Administering Agency

The program is administered by California Department of Social Services (CDSS), and funded as a Medicaid program through federal and state dollars under Medi-Cal. Provision of services and employment of IHSS workers is through the counties.

Eligibility

There are four different IHSS programs, each with separate qualifications comparable to Medi-Cal overall. In general, eligible applicants must be enrolled in Medi-Cal. More specifically, eligibility includes those who are SSI/SSP and Medi-Cal eligible; persons who are blind, disabled, or 65 or older; and those who are living at home and capable of remaining there with the IHSS services. Eligibility is determined by a county social worker. Beneficiaries pay a small share of cost based on income.

Caseload

Since 2013-14 as shown in Table 14, enrollment has grown at an average annual rate of 5.2%.

Applicability

Targeted towards persons who generally are no longer in the labor force, this program has no broad direct applicability to the upward mobility process. In cases where workers have family members with these service needs, the program may provide assistance that provides them with additional

flexibility to pursue higher income or training opportunities. However, caseload, although growing, is relatively low, and the program has a limited population which it is capable of serving.

Table 14: IHSS Caseload

FY	Number of Persons
2007-08	400,156
2008-09	429,786
2009-10	428,962
2010-11	432,738
2011-12	432,650
2012-13	443,264
2013-14	425,526
2014-15	443,734
2015-16	466,493
2016-17	492,542
2017-18	518,511
2018-19	545,180

Source: California Department of Social Services

As with Medi-Cal in general, the rising costs of this program also made it a reduction target during the recessionary budget cuts. In this case, providers saw their available hours cut by 8%, which have since been restored in recent budgets.

Costs are projected to climb more rapidly in the future as a result of incorporating IHSS workers into the scheduled minimum wage increases and the 2017 legislation providing them with sick leave benefits as well. The current January Proposed Budget indicates that the current year \$1 increase in the minimum wage will cost the program an additional \$260.3 million (\$119.4 million from general fund) in 2018-19, while the sick leave benefit will increase costs by \$29.9 million general fund. In their most recent budget outlook analysis, LAO (November 2017) estimated that at the full \$15 implementation, the minimum wage increases will raise the IHSS program costs by an additional \$1.5 billion from general fund over 2017-18, with annual increases tied to the consumer price index in years after. The LAO analysis does not include estimates for the associated cost to federal funds or the cost of the sick leave requirement.

Covered California

Covered California (California Health Benefit Exchange) is the state's health care exchange under the federal Affordable Care Act. Based on income, eligible persons and families may qualify for Medi-Cal (Medicaid) coverage or premium assistance to purchase health insurance from one of the participating companies.

Administering Agency

Covered California is a public entity within state government with a 5-member board appointed by the Governor and the Legislature. Health policies are provided under Medi-Cal through Department Health Care Services and the counties, or through participating private companies.

Persons qualifying for federal premium subsidies receive it in the form of a tax credit based on estimated household income. The credit may be applied monthly to the required premium payments, in which case the difference is sent to the insurance provider through the health exchange. The credit may also be taken annually as a credit on the federal income tax form. Persons receiving the subsidy must also adjust the amount of the annual credit on their tax filing based on how actual household income differs from the estimate used to calculate the subsidy, with a repayment cap determined based on income level.

Eligibility

Eligibility for Medi-Cal is described under that previous section.

Eligibility for premium subsidies is based on modified adjusted gross income (MAGI), consisting of most earned and unearned income for everyone living in a household. MAGI includes most types of taxable income, unemployment compensation, and social security disability insurance benefits and social security retirement benefits for persons who file taxes (e.g., generally does not apply to children receiving these benefits). Among other non-taxable income items, MAGI does not include SSI/SSP, CalWORKS, CalFresh, veterans' disability benefits, workers' compensation, earned income that is placed in a 401(k) plan or IRA, pre-tax deductions from earned income (e.g., health savings accounts, flexible spending accounts), and child support received.

Income eligibility for premium subsidies is 138% to 400% of poverty.

Income eligibility for reduced copayments, coinsurance, or deductibles is 138% to 250% of poverty but applies only to silver plan coverage.

Eligibility also requires that the person is not otherwise covered by insurance, including Medicare and employer plans (as long as employee contributions are less than 9.5% of income and the plans cover at least 60% of health care costs).

The amount of the premium is determined by income level, with a maximum payment calculated on a sliding scale from 3% of income at 138% of poverty, to 9.5% beginning at 300%. This “maximum payment” is then compared to the cost of the second cheapest silver to determine the amount of the estimated subsidy.

Caseload

Table 15: Covered California Active Members as of September

	Total	Subsidy Eligible	Unsubsidized
2014	1,142,420	1,038,650	103,770
2015	1,260,750	1,128,610	132,140
2016	1,305,450	1,155,790	149,660
2017	1,311,170	1,148,370	162,800

Source: Covered California, Covered Member Profiles

Active number of policyholders as of September in each year is shown in Table 15. On average, about 90% of all coverage is subsidized. As of September 2017, the average advance premium tax

credit (APTC) for subsidy eligible policies was \$507, with a net premium of \$185, or an estimated annual total of \$7.0 billion. These levels were up from \$437 and \$148, respectively, and an estimated annual total of \$5.4 billion in September 2014.

Applicability

Coverage through the health exchange provides a transitional option for households requiring health insurance but without coverage through their employment or the low income health care programs described above. It is, however, not necessarily the desirable option. In the poll of lower income Californians conducted as part of the overall project (Vision Strategy, 2017), when given a choice, 59% of respondents indicated they would choose a job with benefits over a job with higher pay. While the availability of subsidies reduces out-of-pocket costs, costs still must come out of pocket and these income groups in the related focus groups showed a high degree of awareness over the impact on their ability to get ahead in the face of annual increases in health care and other costs of living.

Until the recent repeal of the individual mandate in federal tax reform, this choice was even more pressing for younger, healthier adults just beginning their working life. For this age group, the previous health insurance requirements in the absence of employer coverage largely represented an added cost—either through insurance coverage they do not expect to utilize or a tax penalty if they chose to forego coverage. The net effect was reduction in available disposable income to cope with rising housing costs or opportunities for savings towards education, home purchase, or other options to improve their employability and long-term financial situation.

As an indication, the most recent IRS return data shows 778,060 Californians paid the Health Care Individual Responsibility Payment in Tax Year 2015, at an average of \$485 per return. In total, 77% of returns paying this penalty had an AGI of \$50,000 or under, while 90% had an AGI of \$75,000 or under. Repeal of this penalty, however, helps resolve the cost burden.

Children’s Medical Services

Health care services are provided to low income and seriously ill children through various programs, including the following:

- Child Health and Disability Prevention Program provides periodic health assessments/check-ups to Medi-Cal recipients from birth to age 21, and to non Medi-Cal children from birth to age 19 in families with income below 200% of poverty.
- Genetically Handicapped Persons Program provides specialized health care to persons age 21 and older with specified genetic diseases (or if under 21, apply first to California Children’s Services). There is no income eligibility, although applicants are encouraged to first apply to Medi-Cal.
- California Children’s Services provides specialized health care to persons under age 21 with a specified health problem. Generally, family income must be \$40,000 or less, out-of-pocket medical expenses are 20% of family AGI or more, was adopted with a known health problem covered by the program, or enrolled in Medi-Cal with full benefits.

Administering Agency

Administered by Department of Health Care Services with services through the counties and contracted providers.

Eligibility

See general description.

Caseload

Table 16 summarizes the caseload levels from the Department’s budget forecasts.

Table 16: Children’s Medical Services Caseload

	Total	Medi-Cal	Other
<i>Genetically Handicapped Persons Program</i>			
2015-16	1,836	944	892
2016-17	1,885	990	895
2017-18	1,681	1,026	655
2018-19	1,705	1,046	659
<i>Child Health and Disability Prevention Program Health Screens</i>			
2013-14	22,927		
2014-15	15,932		
2015-16	5,937		
2016-17	494		
2017-18	36		
2018-19	36		
<i>California Children’s Services</i>			
2016-17	188,171	172,357	15,814
2017-18	190,943	175,322	15,621
2018-19	193,683	178,062	15,621

Source: California Department of Health Care Services

Applicability

While these programs in some cases interact with the other primary assistance programs and/or involve payments from those programs, they apply more directly to persons with special circumstances rather than providing services directed at poverty relief or upward mobility goals. Moreover, the caseload data indicates the additional population served beyond the programs described previously are small and declining.

Primary, Rural & Indian Health

These programs work to improve health care coverage in medically underserved areas of the state through Indian Health Program, American Indian Infant Health Initiative, Rural Health Services Development Program, Seasonal Agricultural and Migratory Workers Program, State Office of Rural Health, Medicare Rural Hospital Flexibility Program, Small Rural Hospital Improvement Grant

Program, Tribal Emergency Preparedness Program, and the J1 Visa Program (to certify doctors for medically underserved areas).

Administering Agency

Administered through Department of Health Care Services.

Eligibility

Eligibility is generally based on community characteristics rather than individuals.

Caseload

Not applicable. See Budget section.

Applicability

Most programs are intended to improve community health care delivery through both facilities and physician availability. While these have an indirect effect on income mobility by increasing the availability and therefore improving access to health care benefits, they are not directly oriented towards poverty relief or upward mobility goals.

Other Care Services

These programs consist of other health care services including non Medi-Cal community mental health and substance abuse programs; cancer screening for low income, underinsured, and uninsured women; and prostate cancer treatment to low income, underinsured, and uninsured men.

Administering Agency

The programs are administered through Department of Health Care Services, with program delivery primarily through the counties.

Eligibility

See general description above.

Caseload

Caseload data availability varies by program. The Department's program reports estimate that caseload for the Every Woman Counts Program (cancer screening) went from 292,914 in 2013-14, to a projected 26,820 in 2018-19 as more of the eligible caseload is covered on other state health care and insurance programs.

Applicability

While these programs in some cases interact with the other primary assistance programs, they apply more directly to persons with special circumstances rather than providing services directed at poverty relief or upward mobility goals.

Education & Training Programs

Local Control Funding Formula (LCFF)

Created as part of the 2013-14 Budget, LCFF replaced the previous K-12 funding formula, including most of the remaining categorical grants that constrained local funding priorities. LCFF now sets a base funding rate for all students based on grade level, and shifts the additional resources to low income and English Learner students. Further funding bumps are applied for districts with high English Learner/low income student concentrations, a targeted instructional improvement block grant, student transportation, and an economic recovery target to equalize funding for districts unduly penalized under the new formula.

When first adopted, the funding gap between the old formula and allocations under the LCFF was estimated at \$18 billion. Due to revenue constraints, implementation anticipated closing this gap in a phased process as Prop. 98 revenues increased over time, and any additional new revenues allocated according to each district's calculated gap as updated and revised each year. The original expectation was that full funding would be achieved by 2020-21. The Governor's January Proposed Budget contains provisions to reach this goal in 2018-19.

Administering Agency

Funding decisions and overall program decisions are incorporated into the annual budget package. Apportionment is through California Department of Education to local school districts, county offices of education, charter schools, and correctional facilities.

Funding is based on the combination of both state and local Prop. 98 funds. For the state, these are primarily general fund dollars and the Educational Protection Account created by Prop. 30. On the local level, these are primarily local property taxes allocated to schools.

Eligibility

Low income students are defined as those qualifying for free or reduced price meals (see program below). English Learner (EL) students are first selected based on parents' response on the home language survey that a language other than English is the student's initial language learned or the primary language used at home. Students are then tested for English proficiency, and remain in the EL classification based on individual district procedures.

Local apportionments are first determined by calculating the target base amounts, which are determined for grades K-3, 4-6, 7-8, and 9-12 with higher per student amounts for the higher grade groups. A supplemental funding is calculated as 20% of the appropriate base amount for each low income or EL student. Each low income/EL student above 55% of total enrollment provides an additional 50% of the adjusted based rate.

Caseload

Total enrollment and total number of students qualifying for LCFF allocations are shown in Table 17.

Table 17: LCFF Eligible Students

	K-12 Enrollment	Low Income	English Learners
2012-13	6,227,881	2,832,936	1,346,333
2013-14	6,237,365	3,693,166	1,413,549
2014-15	6,236,439	3,655,624	1,392,263
2015-16	6,227,268	3,665,445	1,373,724
2016-17	6,228,762	3,617,630	1,332,405

Source: California Department of Education

Applicability

In theory, the reasoning behind LCFF was to focus education resources more on the schools needing them the most. If successful, LCFF would produce more quality education options for lower income Californians. And as the number of quality schools grow, so would the range of housing associated with their attendance areas.

The results to date have yet to show significant progress towards these goals. While grade proficiency testing is difficult to compare across long periods due to the change in the tests being used along with outright elimination of some testing programs, the relationship between different student demographics under the test systems can be used for a useful comparison. Using the remaining test systems available, this comparison shows little change particularly for socially disadvantaged (low income), English Learners, Latino, and Black/African-American students. This issue is addressed further in the project's Data Report.

Table 18: Projected Pension Payments for Schools (\$ billion)

	PERS	STRS	Total	Per Pupil (\$)
2010-11	\$0.9	\$3.1	\$4.0	\$650
2011-12	\$0.9	\$3.2	\$4.1	\$650
2012-13	\$0.9	\$3.2	\$4.1	\$670
2013-14	\$0.9	\$3.4	\$4.3	\$690
2014-15	\$1.0	\$4.6	\$5.6	\$890
2015-16	\$1.1	\$6.3	\$7.4	\$1,190
2016-17	\$1.7	\$5.8	\$7.4	\$1,200
2017-18	\$2.0	\$6.6	\$8.6	\$1,380
2018-19	\$2.4	\$7.4	\$9.8	\$1,580
2019-20	\$2.8	\$8.3	\$11.1	\$1,790
2020-21	\$3.2	\$9.0	\$12.2	\$1,970
2021-22	\$3.5	\$9.3	\$12.8	\$2,070
2022-23	\$3.7	\$9.6	\$13.3	\$2,160
2023-24	\$3.9	\$10.0	\$13.8	\$2,260

Source: see text; 2016-17 subject to revision

In addition, in the absence of meaningful pension reform, an increasing share of local education revenues are now slated to be used just to pay off accumulated pension debts rather than allocated as envisioned to improve local educational outcomes that would improve the employment skills in particular for low income and English Learner students. As shown in Table 18, estimated state and local pension payments doubled from 2010-11 to 2017-18, and are projected to more than triple within the next 6 years.

The numbers in Table 18 were developed from the following sources: (1) historical data from 2015-16 and earlier were taken from ed-data.org summaries and the state budget, (2) projections for STRS are from CalSTRS (2017), (3) projections for PERS were developed using the same salary growth rates as in the STRS projections and the projected schedule of employer contribution rates for schools from CalPERS (2017), and (4) per pupil numbers were calculated using the Department of Finance enrollment projections. The numbers in this table assume no further changes to the pension systems' discount rates, and achievement of their investment return rates.

Department of Education Special Programs

The Department administers a range of programs for children from low income families. In some cases, such as some CalWORKS child care, these are the result of the Department implementing a portion of one of the programs described elsewhere in this section. Programs are available for children beginning at birth.

Child Development covers part-time and full-time child care along with associated development services. Specific programs include: general child care for ages 0-12; migrant child care; State Preschool Program for ages 3-4; alternative payment program for in-home care, family child care, and center-based care (which is used to provide services under the other categories); After School Education and Safety Program providing after school activities for students in grades K-9; and stage 2 and 3 child care under CalWORKS.

Early Head Start and Head Start provide early education for low income pregnant women and child age 0-3 (Early Head Start) and low income children age 3-5 (Head Start). The Department maintains a coordination office, with federal grant funds issued directly to over 740 contracted public and private agencies providing the services.

Child Nutrition provide free and reduced cost meals in public and private schools, child care, camps, and nonresidential adult day care centers. Funding is through the US Department of Agriculture.

Food Distribution provides surplus foods from the US Department of Agriculture to certain public, private, and nonprofit agencies.

Administering Agency

Overall administration is under the California Department of Education, with program services provided through the school districts, county offices of education, and an array of contractors.

Eligibility

Child care eligibility varies by program. With some exceptions, the programs are available to parents who are working, participating in a vocational goal or job training, or engaged in other approved activities. The state preschool and childcare programs are available to families at or below 70% of the state median income. Families below 40% have free services. Those between 40-70% pay a sliding fee based on income in the Department’s annual Family Fee Schedule. With recent changes, eligibility is determined annually and is not subject to change based on monthly variations in family income. Available slots are first allocated to eligible families with the lowest income.

Stage 1 child care (discussed below under CalWORKS) is administered by the California Department of Social Services through county welfare departments. Stage 1 begins when a participant enters the CalWORKs grant program and engages in activities pursuant to a welfare-to-work plan. Counties refer families to related agencies to assist them in finding child care providers. Stage 2 and 3 child care is provided by the Department under the CalWORKS program. Stage 2 is for families who have been deemed to have become stable, and is limited to 2 years after a family has stopped receiving a CalWORKS grant. Stage 3 is available after Stage 1 and 2 eligibility has been exhausted, and is available as long as the family otherwise is eligible for the child care programs under CalWORKS.

Early Head Start and Head Start are available to families with income below the federal poverty guideline and to children in foster care, homeless, or in families receiving public assistance. Families with income between 100-130% of poverty may be eligible if space is available and if the needs of all other eligible children are being met. Eligibility is determined based on annual income and once determined, the child will be considered eligible through the end of the program year and the subsequent program year.

Adult and child nutrition meals are free to families at or below 130% of poverty. Families at 130% to 185% are eligible for reduced-price meals. Eligibility is determined once a year.

Caseload

Table 19: Average Number of Children in Child Care, October/April Two-Month Average

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
General Child Care	141,531	145,353	71,004	68,386	60,317	55,563	54,461	55,243	56,317	55,805
CalWORKs Stage 2	121,827	115,242	107,505	109,495	110,033	104,890	91,967	90,465	90,586	90,149
CalWORKs Stage 3	81,750	81,035	76,247	67,128	40,391	42,332	44,929	46,889	46,324	48,292
Alternative Payment	53,699	54,678	58,226	56,937	51,000	39,768	39,727	38,157	47,667	46,782
California State Preschool	121,798	131,268	201,630	213,931	200,426	181,052	180,295	180,354	180,297	184,534
Extended Day (Latchkey)	13,482	12,807	7,443	n/a						
General Migrant Care	5,149	4,906	4,393	4,845	4,474	4,069	3,935	3,902	3,916	3,699
Severely Handicapped	195	178	229	235	245	235	193	200	168	161
Total	495,426	503,670	489,244	472,174	436,936	396,711	389,528	391,582	403,561	404,577

Source: California Department of Education, Annual Aggregate Reports, unduplicated counts

Caseload for the child care programs is shown in Table 19 from the unduplicated count data, reflecting total number of children covered in each year. These numbers reflect the average number

of slots provided in each fiscal year. The actual number of slots funded each year is lower, as a result of children participating less than the full year. For comparison, in 2016-17, a total of 404,577 children received child care services compared to the average monthly level of 282,767 from the 2-month data, and 436,936 children and 295,242 slots in 2011-12.

The Department does not provide data on Head Start enrollment, but California Head Start Association fact sheets show a total of 108,421 enrolled in 2014-15, of which 89,565 were in Head Start and 18,856 were in Early Head Start.

Table 20: Free or Reduced Price Meals Count

	K-12 Enrollment	K-12 Free Meal Count	K-12 Reduced Meal Count	Child & Adult Care
2012-13	6,227,881	2,382,977	449,959	474,681
2013-14	6,237,365	3,157,064	536,102	562,130
2014-15	6,236,439	3,119,368	536,256	609,738
2015-16	6,227,268	3,115,546	549,899	643,784
2016-17	6,228,762	3,052,321	565,309	n/a

Source: California Department of Education

Caseload for the nutrition programs is shown in Table 20. Counts for K-12 are from the number of eligible students, regardless of the number of meals they ate. Child & Adult Care is the average daily participation. Based on the 2015-16 number of meals served, participants consisted of 88% free meals, 3% reduced meals, and 9% base rate meals. Data for the Summer Meals program does not provide aggregated participant information. For comparison, average daily participation in 2015-16 varied, with 151,949 participants for lunch, 65,573 for lunch, 2,328 for breakfast, 337 for supper, and 10,165 for snacks.

Applicability

The child care services under the Department as with the Stage 1 services under CalWORKS are consistent with the concept of upward mobility due to the fact one of the main eligibility criteria is that parents are employed or engage in skills development. Income levels and overall program scope, however, limit these services primarily to anti-poverty purposes. Other lower and middle income workers with rising incomes either do not have access to this assistance, or would face a jump in costs as they move beyond the income limits.

Access to child care services has seen similar restrictions due to budget shortfalls. In 2011, the income factor was lowered from 75% to 70% in order to reduce caseload demands and costs. An effective reduction in the income standard was then applied by continuing to use the 2005 median income in the calculations from 2007-08 until the numbers were updated beginning with the budget approved in 2017.

The nutrition programs provide assistance over a somewhat larger income range, but the caseload data illustrates more the nature of poverty problem in California—the high percentage of children living in or near poverty as discussed in the project’s Data Report—rather than funding that assists in upward mobility. Supported by federal funds, this program has been considerably less subject to the vagaries of the state budget than most others discussed in this section.

Other Compensatory Education Programs

Other compensatory programs are funded through federal grants from US Department of Education to local agencies. The primary programs include:

- Title I funding provides assistance to local school agencies with high numbers or percentages of students from low income households. The program is structured into basic, concentration, and targeted grants similar to the LCFF structure.
- Migrant Education Program provides education and support services for migratory children who move frequently between the states.
- Education for Homeless Children and Youths provides grants to the states and local agencies for a broad range of planning and related activities to ensure equal access to education by homeless children and youth.

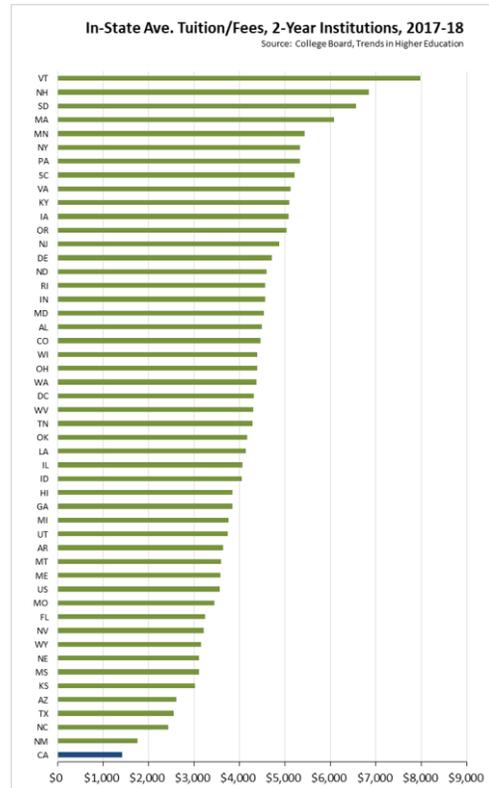
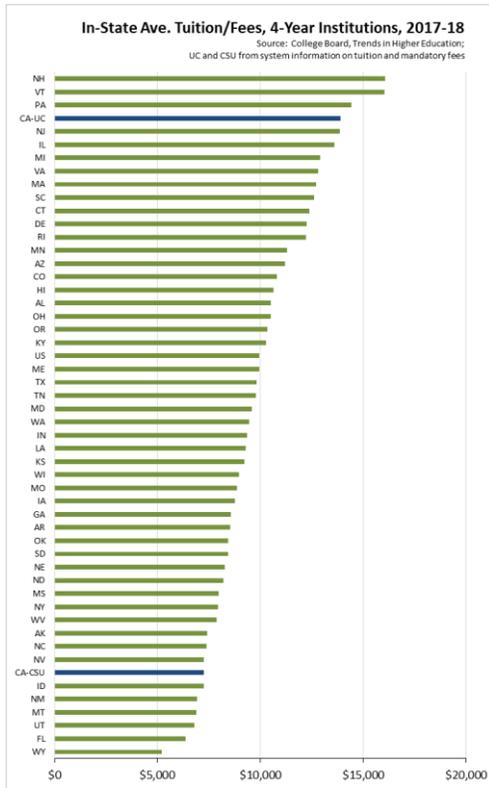
Detailed caseload data is unavailable beyond the fiscal information contained in the Budget section.

California Student Aid Commission/Other Tuition Assistance

The primary higher education assistance available to all income levels is the fact that while tuition and fees have risen over the years, California still provides some of the lowest cost public higher education options in the US. In the most recent rankings, shown in the figures below, CSU is the 7th lowest cost when compared to public 4-year institutions in other states, while the California Community Colleges is the lowest overall for 2-year institutions. The UC system with its increasing fees, however, remains closer to the top.

These comparisons are by the published prices. Significant financial aid is provided which brings the cost of attendance down and, depending on family income, potentially tuition-free. General assistance programs include:

- California College Promise Grant (formerly, Board of Governors Fee Waiver) allow enrollment fees to be waived. Current system data indicates that 41% of students attending in 2016-17 did so under this program. Full Time Success and California Community College Completion Grant programs were added in the 2017-18 budget to promote degree/certificate completion.
- Cal Grants provide a range of assistance. Cal Grant A is for low and middle income students, and is used only for tuition and fees up to \$12,630 for UC in 2018-19 and \$5,743 at CSU. Cal Grant B is for low income students and covers tuition, fees, and living expenses, with \$1,672 for living expenses in 2018-19. Cal Grant C is for students pursuing an AA degree or certificate. Cal Grant C ranges up to \$1,094 for books, tools, and equipment along with fee waiver for community colleges and up to \$2,462 for tuition and fees at other technical schools.



- California Middle Class Scholarship provides grants of 10% to 40% of the mandatory tuition and fees at UC and CSU. The amount actually awarded depends on the number of eligible applicants and total amount allocated annually in the state budget.
- Institutional grants are provided through both UC and CSU campuses for low income students. CSU's State University Grant includes a tuition waiver. UC's institutional aid provides funding to cover tuition and in some cases other costs such as books and housing.
- UC Blue and Gold Opportunity Plan ensures financial assistance to cover all tuition and fees for residents whose family income is less than \$80,000 a year and who qualify for financial aid. Low income residents may qualify for assistance to cover other related expenses as well. Funding is assembled from various programs including those listed above.
- California Chaffee Grant provides up to \$5,000 a year for career and technical training or college for foster youth.
- Occupation-specific tuition/fee assistance is provided through various programs, including for nurses and teachers.
- Pell grants are the primary program for federal assistance, with a maximum grant of \$5,920 in 2017-18, depending on financial need, attendance costs, and enrollment status. Aid amounts are determined by subtracting the calculated Expected Family Contribution (EFC) from the college-provided Cost of Attendance. Students in 2017-18 automatically qualify for a \$0 EFC if any family member received benefits from Medicaid, SSI, SNAP, TANF, WIC,

or Free and Reduced Price School Lunch Program or have a parent who is a dislocated worker, and the parents' AGI is \$25,000 or less. Similar provisions apply for independent students with dependents other than a spouse. A number of other grant categories are available including grants associated with military service, Americorps, foster care youth, and Health Service Corps along with federal student loans and federally-funded work study. Federal assistance can be spent on tuition and fees, room and board, books and supplies, transportation, and related expenses such as child care. US Department of Education budget data shows an estimated \$3.866 billion in Pell Grants in California in federal FY 2018, up from \$3.611 billion in 2016.

- Primary federal tax provisions (as provided under the recent federal tax reform) are: (1) American Opportunity Credit provides up to \$2,500 credit for up to 4 tax years for each student (40% refundable), phased out until AGI reaches \$180,000 (married)/\$90,000 (single, head of household); (2) Lifetime Learning Credit of up to \$2,000 per return (unlimited years, not refundable), phased out until AGI reaches \$131,000 (married)/\$65,000 (single, head of household); (3) deductibility of student loan interest of up to \$2,500, phased out until AGI reaches \$160,000 (married)/\$80,000 (single, head of household); and (4) employer contribution of up to \$5,250 a year for tuition in a qualifying continuation program is not taxable as income.

The most recent IRS data from Tax Year 2015 shows 1,176,590 tax returns claiming a refundable education credit, at an average of \$779 per return; 64% of the returns and 62% of the credit amount claimed were for households with an AGI of \$50,000 and under. Nonrefundable education credits were on 1,160,620 returns at an average of \$923 per return; 57% of the returns and 45% of the credit amount claimed were for households with an AGI of \$50,000 and under.

- The Community Colleges provide additional support services primarily serving low income and first-generation students, including counseling, tutoring, work-study, and child care. Including \$44 million from CalWORKS, total funding in 2017-18 is \$524 million.
- UC and CSU provide comparable assistance. CSU does not track these expenditures directly, but estimates (LAO, December 2017) a total of \$37 to \$39 million in its Educational Opportunity Program (EOP) in 2016-17 for student support programs and financial aid. The UC EOP consists of 4 formal and 5 informal programs on the campuses spending \$86 million on comparable activities in 2014-15.

Administering Agency

With the exception of the campus-specific and system-specific programs listed above, most state programs are administered through the California Student Aid Commission. Federal programs are through the US Department of Education. Aid decisions are generally determined at the campus level.

Eligibility

California College Promise Grant: family income must be 150% or less of the applicable federal poverty guideline.

Cal Grant program income ceilings are shown in Table 21. These are adjusted annually for cost of living determined as the percentage change in California per capita personal income. Separate asset ceilings also apply: \$76,500 for dependent students and \$36,400 for independent students.

Table 21: Cal Grant Income Ceilings, 2018-19

Family Size	Region 1	Region 2
<i>Dependent Students</i>		
6	\$114,300	\$62,800
5	\$106,000	\$58,200
4	\$98,900	\$52,000
3	\$91,000	\$46,700
2	\$88,900	\$41,500
<i>Independent Students</i>		
Single, no dependents	\$36,300	\$36,300
Married, no other dependents	\$41,500	\$41,500

Source: California Student Aid Commission

In 2017-18, Middle Class Scholarship income limit and asset limit were both set at \$165,000.

Eligibility in general is determined through filing a Free Application for Federal Student Air (FAFSA) or California Dream Act Application (CDAA). Applicants must meet eligibility and financial requirements for each program along with any minimum GPA standards.

Caseload

Total recipients for Cal Grants and for each of the higher education systems are summarized in Table 22. Financial assistance coverage ranges from 44.3% of students in the Community Colleges, to 75.9% at UC. Students at UC and CSU, however, are more likely to be full time, while a far larger percentage in the Community Colleges is taking one or two courses. Loans cover just over a third of UC and CSU combined, while a larger component receives direct assistance in the form of grants, aid, and employment.

Applicability

Overall, multiple assistance options are available to enable families in the roughly 0-300% of poverty income range to attend higher education in California tuition-free. Assistance after that point becomes far more limited and focused on competitive vs. needs-based assistance, and the marginal costs escalate more rapidly as families and individuals are required to pay a relatively higher share including the portion of tuition and fees used to support the assistance programs for lower incomes.

Application while initially daunting due to the complexity of the paperwork, has essentially become a one-stop process focused around the FAFSA, CDAA, and associated required documentation.

Campus financial aid offices generally provide additional assistance, and most campuses conduct significant outreach efforts to ensure applicants are aware of the resources available.

Table 22: California Undergraduate Budget Aid, 2015-16

	Number of Recipients	% of Students Receiving	Average Award
Cal Grants			
Cal Grant A	55,611		
Cal Grant B	146,974		
Cal Grant A&B	203,585		
Cal Grant C	8,128		
Total Awarded	414,298		
Eligible Non-Offered Awardees	262,694		
UC			
Fellowships & Scholarships	39,064	19.6%	\$4,598
Federal Grants	81,505	40.1%	\$1,965
Loans	80,214	39.7%	\$8,733
Work Study	5,622	27.7%	\$3,121
Other	11,557	5.7%	\$17,685
Gift Aid	130,083	64.3%	\$16,930
All Sources	153,561	75.9%	\$21,590
CSU			
Outside Scholarships & Other Resources	20,856	5.1%	\$2,314
Federal Grants	217,741	53.2%	\$4,438
Cal Grants	121,204	29.6%	\$5,226
Middle Class Scholarships	32,786	8.0%	\$851
Institutional Grants	153,200	37.4%	\$4,386
Work Study	7,100	1.7%	\$2,750
Loans	144,787	35.4%	\$7,200
All Sources	297,000	72.6%	\$11,931
CCC			
California Promise	1,028,662	43.3%	\$781
Grants	484,019	20.4%	\$3,811
Loans	38,346	1.6%	\$5,532
Scholarships	26,627	1.1%	\$1,099
Work Study	11,594	0.5%	\$2,841
All Sources	1,053,407	44.3%	\$2,774

Source: California Student Aid Commission, University of California Office of the President, California State University Budget Office, California Community Colleges Chancellor's Office

Rather than tuition, barriers to wider use of these upward mobility resources stem from other factors:

- The K-12 schools provide insufficient preparation for low income and some ethnic/racial groups. As discussed in the Data Report, only 45.4% of all high school graduates in 2015-16 completed the A-G courses required for UC and CSU eligibility. This performance is up from just a third in 2007-08, but still means that over half of the new additions to the workforce would be required to obtain the required coursework they missed in K-12 at community colleges before being considered for a 4-year degree. Moreover, significantly larger portions of prior year graduating classes failed to meet this standard, contributing to the educational attainment and skills profile of the current workforce that has contributed to the current incomes picture in the state.

- College preparation performance for socioeconomically disadvantaged students (generally, 1-185% of poverty income) was lower, only 36.7%, while Latinos were at 37.2% and non-Latino Blacks were at 34.4%. In contrast, non-Latino Whites at 51.7% and Asians at 72.5% are far more likely to have completed the necessary college prep course work. Males also show significantly lower levels at 39.6%, with Black males at 27.7% and Latino males at 30.9%.
- Cost of living is an even greater barrier, especially at some of the flagship campuses in the coastal urban areas. The bulk of the assistance programs focus on tuition and fees. Far less aid is available for living expenses, especially the rapidly increasing costs for housing. In the most recent UC survey of student attendance costs from 2014-15 (University of California, 2017), the average cost incorporating all living expenses was projected to average \$32,536 in 2017-18. By campus, the projected costs ranged from \$26,016 for a UCLA student living at home, to \$37,221 for a UCB student living on campus. Students living off campus reported paying \$1,342 average monthly rent at UCLA to \$582 at UC Merced if no housemate, and \$882 at UCLA to \$345 at UC Merced monthly if six or more housemates. Costs of housing since the survey have escalated even further.
- Housing options also have an indirect bearing on related living costs as well. As commuting times rise especially in the increasingly congested coastal urban areas, the associated costs of attending class have risen as well, including direct transportation costs, potentially additional time needed for child care, greater dependence on rising cost prepared food rather than food prepared at home, and reduced time available to pay for higher education through employment earnings.

Job Training Programs

Job training is spread over a large number of programs and agencies. Control agency reviews of this function typically cite “at least” or “almost” 30 separate programs, although the estimated number has fluctuated over the years. These state efforts in turn are backed by up to 317 federal training programs currently listed in the federal Catalog of Federal Domestic Assistance, spread over 100 agencies and ranging from broad efforts such as under the Workforce Innovation & Opportunity Act (WIOA) to more focused efforts targeting individual occupations and industries.

Within California, the following summarizes the main programs by administering agency.

California Community Colleges

- Apportionments for Workforce Education and Training provides Proposition 98 funding for credit and noncredit courses, English as a second language (ESL), and short-term CTE.
- Economic and Workforce Development Program provides Proposition 98 funding to identify regional workforce education and training needs.

- Nursing Program provides Proposition 98 funding to increase the number of nursing program graduates. Funding is applied to courses, student support activities, licensing exam preparation, faculty development, and program assessment and recruitment.
- Strong Workforce Program provides Proposition 98 funding to support regional CTE and workforce programs leading to certificates, degrees, and other credentials.
- Student Services for CalWORKs Recipients provides Proposition 98 funding and federal TANF funding for child care, work study, and job placement services to CalWORKs enrollees. Funding based on number of enrolled CalWORKs recipients.

California Department of Education

- Adults in Correctional Facilities (Jail Ed) provides Proposition 98 funding to county offices of education (COEs) and school districts for programs available to inmates at county jail facilities. Funding based on average daily attendance.
- Agriculture Incentive Grants provide Proposition 98 funding to high schools for agricultural education costs. Funding requires a local match.
- California Partnership Academies provides Proposition 98 funding to high schools for programs matching a career theme with academic education. Funding requires private sector match, an internship or work experience, and a common planning period for academy teachers.
- CTE Incentive Grants provides Proposition 98 funding for a three-year competitive grant program to support career technical education (CTE) through districts, county offices of education, charter schools, and joint powers agencies (JPAs). School districts, COEs, charter schools, and JPAs may apply. Funding requires local match and ongoing commitment to continue the programs.
- Local Control Funding Formula (LCFF) provides a base funding add-on for CTE in the higher grades along with flexibility for the local agencies to use the funds for adult education. Funding is according to the LCFF funding formula discussed above. No good budget estimate is available to indicate how much of the available funding is devoted to this purpose.
- Project Workability provides Proposition 98 funding for pre-employment training and employment placement for special education high school students. Wages are fully subsidized until graduation or age 22.
- Regional Occupational Centers and Programs (ROCP) allows local agencies to use Proposition 98 funding for centralized CTE programs at high schools and regional centers as a replacement for the categorical grants that previously were used for this purpose. The programs serve both high school students and adults.

- Specialized Secondary Programs provides Proposition 98 funding for short-term competitive grants for school districts to pilot programs for college preparation and specialized careers.
- Student Services for CalWORKs Recipients provides Proposition 98 and federal TANF funding for adult education and Regional Occupational Centers and Programs as part of the welfare-to-work requirements under CalWORKs assistance. Funding based on number of enrolled CalWORKs recipients.

Joint Programs: Community Colleges/California Department of Education

- Adult Education and Family Literacy Program provides federal Workforce Investment Opportunity Act (WIOA) Title II funding through Department of Education for adult education at adult schools, community colleges, libraries, community-based organizations, and other providers.
- Adult Education Block Grant provides Proposition 98 funding through Community Colleges to regional consortia of community colleges, school districts, county offices of education, and JPAs offering adult education in basic skills, CTE, English as a second language and citizenship, programs for adults with disabilities, workforce programs for older adults, care programs for older adults, and pre-apprenticeship programs.
- Apprenticeships provide Proposition 98 funding through Community Colleges to schools and community colleges to support the classroom instruction component of apprenticeship training.
- Career Pathways Trust provided one-time Proposition 98 funding in 2013-14 and 2014-15 for two rounds of competitive grants through Department of Education, to improve linkages between CTE programs and local workforce needs. Grants went to regional consortia of schools, community colleges, and local businesses. Funding required a local match.
- Carl D. Perkins Career and Technical Education Act Program provides federal funding through Department of Education to schools, community colleges, and correctional facilities for CTE.
- CTE Pathways Program provides Proposition 98 funding through Community Colleges to improve linkages among CTE programs at schools, community colleges, universities, and local businesses.

California Employment Development Department

- Adult, Youth, and Dislocated Worker Services allocates federal WIOA Title I funding to America's Job Centers of California (previously, OneStops) providing workforce information, resources, and employment services to adults, youth, and dislocated workers. These services cover job search assistance, career assessment, career counseling, on-the-job

training, adult education and training, education and job programs, including YouthBuild and Job Corps, for disengaged youth ages 16-24.

- Employment Training Panel provides funding from the Employment Training Tax for training programs for employees and companies facing out-of-state competition, unemployment benefit recipients, and specified employers such as those required to pay wages above the state average.
- Jobs for Veterans State Grant allocates federal WIOA Title I to provide veterans' workforce services at America's Job Centers of California.
- Proposition 39 pre-apprenticeship support, training, and placement allocates special funds from the Clean Energy Job Creation Fund for competitive grants to implement green pre-apprenticeships related to energy-efficiency jobs. Funds may be used to provide training, support services, and job placement assistance.
- Regional Workforce Accelerator Program allocates federal WIOA Title I funds to grants to address gaps in education and workforce.
- SlingShot allocates federal WIOA Title I funds to grants to support alignment of job seekers and market demand. Funding requires a local match.
- Wagner-Peyser Employment Services allocates federal WIOA Title III funding to connect job seekers with job openings, principally the online CalJOBS database.

California Department of Corrections & Rehabilitation

- Offender Development programs under California Prison Industry Authority (CalPIA) are supported through sale of inmate-produced goods. CalPIA partners with trade unions on inmate CTE programs and operates the Inmate Employability Program to assist inmates in developing work habits and job application materials such as portfolios.
- Office of Correctional Education programs allocate non-Proposition 98 general funds to academic and CTE programs for adult inmates. Programs cover basic skills, CTE, and high school diploma and equivalency focused on reducing recidivism.
- Office of Offender Services workforce programs allocate primarily non-Proposition 98 general funds to employment preparation, transitional employment, and job placement assistance upon release. The in-prison Transitions Program instructs inmates on how to get and retain a job along with information on services at America's Job Centers of California. Reentry programs include CalTrans Parolee Work Crew Program and the Female Offender Treatment and Employment Program that providing CTE training and employment services.

California Conservation Corps

- Core Training Program allocates non-Proposition 98 general funds to Corps member education and training services including high school diploma and GED, technical skills, career guidance, and job search assistance.

California Department of Social Services

- CalFresh Employment and Training Program allocates federal Supplemental Nutrition Assistance Program funds to CalFresh recipient employment and training programs in specified counties. Requires local match.
- CalWORKs employment and training services allocates federal TANF, state, and county funds to job search assistance, mental health and substance abuse treatment, referrals to education and training, and on-the-job training for CalWORKS recipients.

California Department of Rehabilitation

- Vocational Rehabilitation allocates federal WIOA Title IV and state general funds to provide vocational rehabilitation services for adults and youth with disabilities.

Administering Agency

Overall state planning occurs through the Workforce Development Board. Programs are administered through a broad range of state agencies, with the largest programs funded through California Community Colleges, California Department of Education, California Department of Social Services, California Department of Employment Development, and California Department of Corrections and Rehabilitation. Additional coordination is through the Local Workforce Investment Boards along with the county social services programs, school districts, and county offices of education.

Primary federal funding is through several programs under the federal Workforce Innovation and Opportunity Act (WIOA) through the US Department of Labor along with federal TANF funding under CalWORKS. Additional funding comes from a variety of both federal and state sources.

Caseload

While caseload numbers for most but not all of the individual programs are available, combined data is difficult to compile due to differing levels of reporting (annual vs. monthly numbers for more episodic enrollment such as for CalWORKS), differing definitions of workforce training, persons accessing more than one program during each reporting period, and other factors. Developing common workforce metrics for all state-funded CTE programs in fact was one of the recommendations contained in the 2015 Board of Governors Task Force report on the state's workforce programs (CCC, 2015).

In their review of the 2015-16 education budget, LAO (February 2015) estimated that between 3 million and 6 million persons annually access state workforce services. Similarly, LAO estimated that more than 2 million receive some form of state-supported workforce education annually.

Applicability

Training and workforce development programs have the potential to address some of the core issues identified in the other research elements of this project. These include: (1) increase employability skills among California's largest-in-the-nation share of adults with less than a high school education; (2) career training options for the significant portion of students and key demographics—both current students and prior graduates—who have not received adequate employment and career preparation from the K-12 schools, as measured either by scoring below proficient in the standardized tests, by graduating without completion of the A-G courses required for application to CSU and UC, or by dropping out; (3) training required for jobs providing better benefits or higher incomes; and (4) retraining required to keep skills current as the nature of individual occupations continues to change from technology and the evolving structure of the state's economy.

These broader applications, however, fall short of their potential due to the nature and structure of the large number of programs within the state. While CTE and apprenticeships have expanded in recent years, the offerings remain well below the levels required to provide equivalent higher income opportunities to students the K-12 schools have failed to prepare for college application, in particular Black, Latino, low income, and male students.

Similarly, while coordination among the many different programs also has improved in recent years—especially those through the Community Colleges, Department of Education, Workforce Development Board, and several local efforts—these programs remain spread across multiple agencies, funding sources, and entry points. Much of this situation stems from the seminal balkanization coming from the federal structure and funding behind many of them, but it exemplifies the concerns expressed in the focus groups and polling of lower income workers over application barriers and the challenges in gaining some certainty in knowing that they are making the right decision on which training to take. These programs also overlap with traditional opportunities offered through the community colleges, which in turn provide funding assistance to many of the same target groups as discussed above.

The efficacy of the individual programs and the programs as a whole also remains an open question, even though many have functioned in one form or another for up to five decades or more. Again, efforts continue to be made to improve reporting, results tracking, and use of common program measurement factors, but these efforts still remain unfinished (LAO, August 2016) and the challenges to a uniform system are best exemplified by the fact that the control agencies generally hedge their language when issuing reports on just how many such programs the state continues to fund.

In the polling of lower income Californians on this issue area (Vision Strategies, 2017), only 34% reported participating in a job or vocational training program. Of those who had engaged, satisfaction was high but not universal—61% reported being very or somewhat satisfied with the program. Of the two-thirds who had not participated in these programs, the lead reasons were:

42% indicated they were not aware of the programs, 34% did not have the money to pay for training, 30% did not have the time, and 25% could not find the right program. These responses suggest that the diffusion of these programs over multiple agencies and entry points works against their being used by the target groups with potentially the highest benefit from them.

The polling sample was also split, with half being asked about the value of vocational education programs in high school and the other half asked about the value of college preparatory classes in high school. In sharp contrast to the responses on the job training programs, 80% indicated vocational education courses would have helped them better prepare for the workplace, while 74% of the other half of the split sample indicated having better classes to prepare for college would have helped. While the polling results indicate the current remedial and retraining opportunities under the job training programs may help about a fifth of this segment of the population, a much broader section of lower income working Californians believe that the K-12 system could have done a better job.

Social Services Programs

Children & Adult Services & Licensing

Within this general category, a number of individual programs cover children and adults with specific circumstances. These include:

- Child Welfare Services provides various services to protect abused, neglected, or exploited children both within their homes and in other settings, and to foster youth transitioning out of the foster care system.
- Adoptions Assistance Program provides financial and medical coverage for the adoption of children with special needs and who otherwise would be placed in long-term foster care. The amount of benefits varies depending the child's needs and income of the adopting family, but does not exceed the amount the child would have otherwise received if they had remained in foster care. Related adoption services include referrals to private adoption agencies and court-required assessments for independent adoptions.
- Adult Protective Services allocates funding to the counties for investigations of and response to senior and dependent adult abuse, neglect, or exploitation.
- Community Care Licensing Program regulates facilities providing child and adult care. While this program does not provide assistance directly to individuals, it regulates the facilities that provides care through many of the other programs described in this section such as Medi-Cal, including child care centers, family child care homes, adult day care facilities, foster family homes, and residential facilities. In 2017-18, CDSS budget documents indicate the program covered 62,676 state- and county-licensed facilities, down from 73,058 in 2013-14.

Administering Agency

The programs are administered through California Department of Social Services, with assistance services generally through the counties.

Eligibility

See general discussion above.

Caseload

In Table 23:

- Emergency Response is the number of cases involving an in-person social worker response.

- Family Maintenance is the number of cases with time-limited protective services designed to prevent separation of children from their families.
- Family Reunification is the number of cases with time-limited services to children in temporary foster care.
- Permanent Placement is the number of children in permanent foster care.
- Kin-GAP is the number of cases receiving a kinship guardianship assistance payment for both federally-eligible and state only-eligible children living with a relative in a long-term placement.
- AFDC Foster Care is the number of cases where aid to families with dependent children is provided for children in a foster care situation, foster family homes, foster family agencies, and group homes. These numbers do not include children placed with a relative receiving CalWORKS assistance.
- Adoption Assistance as described above.

Table 23: Children & Adult Services Caseload

FY	Emergency Response	Family Maintenance	Family Reunification	Permanent Placement	AFDC Foster Care	Adoption Assistance	Kin-Gap
2007-08	400,156	43,269	27,414	24,361	49,472	68,958	76,464
2008-09	429,786	41,367	25,054	21,980	46,112	63,240	80,056
2009-10	428,962	38,141	23,199	21,121	41,533	56,910	82,617
2010-11	432,738	41,617	23,997	21,656	38,379	51,093	83,523
2011-12	432,650	39,995	25,094	21,440	36,017	46,911	84,398
2012-13	443,264	39,844	23,895	22,053	32,867	43,822	84,723
2013-14	425,526	39,824	23,439	23,915	32,876	43,713	84,379
2014-15	443,734	40,392	22,658	24,171	33,860	44,657	84,350
2015-16	466,493	40,880	21,242	23,317	34,407	43,356	84,737
2016-17	492,542	38,627	20,095	22,597	34,511	41,036	85,449
2017-18	518,511	40,247	20,409	22,835	35,089	41,530	85,972
2018-19	545,180	40,503	20,339	22,598	35,613	41,530	86,329

Source: California Department of Social Services

Applicability

While these programs in some cases interact with the other primary assistance programs and/or involve payments from those programs, they apply more directly to children and adults with special circumstances rather than providing services directed at poverty relief or upward mobility goals.

Child Support Services

Title IV-D of the federal Social Security Act of 1975 requires states to maintain child support enforcement programs as a condition of receiving federal grants for income assistance programs,

including the TANF program operated under CalWORKS, Medicaid under Medi-Cal, and foster care payments. The program provides various services to establish to locate parents, establish paternity, and enforce court orders for child support and medical coverage for children.

Enforcement provisions can include wage deductions, redirection of income tax refunds and other government payments such as unemployment compensation and lottery winnings, authority to seize assets, property liens, credit reporting, withholding or suspension of driver's licenses, professional licenses, and passports.

Administering Agency

Administered through California Department of Child Support Services and 51 regional child support agencies. Federal funds used to partially support the program is through US Department of Health & Human Services.

Eligibility

Services are for free automatically to persons covered by CalWORKS, Medicaid under Medi-Cal, and foster care payments. Other families must apply for services and pay a \$25 annual fee.

Caseload

The Department covers about 1.4 million children and families. In 2016-17, the program secured \$2.0 billion in collections payable to families along with recovery of \$0.4 billion in assistance payment shared between the federal, state, and county agencies. Based on the most performance report (2017 federal fiscal year) these collections represent about 67% of total court-ordered support, and 66% of cases where collections are in arrears. These percentages are up from 52% and 57%, respectively, in 2007.

Applicability

As indicated earlier in Table 2, receipt of child support owed to family has a greater effect on reducing the effective rate of poverty (supplemental poverty rate) than most of the traditional anti-poverty programs including CalWORKS, WIC, and the utility assistance programs. While this program retains high administrative costs—recovering \$2.52 in collections for every \$1.00 in program expenditures (FFY 2017)—it increases household income otherwise owed without the income limits and administrative process associated with the other programs.

California Children & Families Commission

The Commission allocates 80% of funding from Proposition 10 (1978 Tobacco Tax) to the 58 county First 5 commissions, with the remaining funds for administrative and grants through the state body. Programs vary widely by county but focus on child development including pre-K and child care services generally oriented towards low income households.

Administering Agency

California Children & Families Commission working with the 58 county First 5 commissions. Programs may be implemented through contracts with service providers or other local agencies.

Eligibility

Services benefit children age 0 to 5.

Caseload

See Budget information.

Applicability

While some of the local commissions have chosen to focus their funds, for example Los Angeles County has emphasized early childhood education, the funds historically have been used for a broad range of purposes, including providing backfills to other existing local programs. In addition, funding is not sustainable as the overall funding source is at least designed to become self-erasing. Tobacco tax proponents generally seek tax levels that discourage smoking, and revenue levels from this source generally show declines over time as the disincentives take hold.

Aging Programs

While the Department of Aging programs are not strictly defined as low income, they draw their primary funding from the Medi-Cal, nutrition, and other funding sources previously described.

Health Insurance Counseling & Advocacy Program (HICAP) provides counseling, education, and outreach for Medicare beneficiaries.

Medi-Cal Programs are jointly administered by Aging, Department of Health Care Services, and Department of Public Health through Community-Based Adult Services (CBAS) consisting of about 250 centers providing health services designed to maintain independence and prevent or delay unnecessary institutionalization. The centers also coordinate delivery of the other Aging services. Funding is under California's Medicaid waiver. The Medi-Cal programs also include Multipurpose Senior Services Program (MSSP) providing social and health services, designed to delay unnecessary institutionalization and provide services at a lower cost. Services under this program may include housing assistance and the other programs under Aging.

Nutrition provides meals under the same federal as for school lunches through both congregate meals and home delivered meals. Persons must be 60 years or older with priority for those in greatest economic and social need and to low income multi-ethnic individuals.

Senior Community Employment Service provides part-time employment/training at local community services centers for unemployed persons age 55 and older with incomes at 125% or below poverty. Additional supportive services assist in employment searches.

Supportive Services are designed to enable seniors to remain active within their community. Specific services include:

- **Adult Day Care/Adult Day Health:** provides social and recreation activities within a congregate day setting.
- **Care Management:** assessment of frail adult needs and arrangement of appropriate in-home services.
- **Legal Assistance:** legal counseling and representation.
- **Personal Care, Homemaker & Chore Programs:** provides assistance to persons who would not otherwise be able to remain in their homes. Family Caregiver Support is provided to family members age 18 and over without an income test (age 55 or older if Grandparent or older relative caring for a child) providing care to: persons age 60 and older, children age 18 or younger, or any age with Alzheimer’s or related disorder or disability.
- **Transportation:** vouchers for reduced rates on public transit and van transit
- **Assisted Transportation:** door-to-door transport including escort if needed for those unable to use public transit.

Administering Agency

Department of Aging administers the state program through Area Agencies on Aging and local agencies who contract for services and provide program oversight and other centers as described above. Federal funding generally is through Administration on Aging within the US Department of Health & Human Services under the Older Americans Act. Other funding is as indicated above.

Eligibility

Eligible persons generally are adults age 60 and over, their family caregivers, and residents of long-term care facilities with no income limits. Specific differences are described above.

Caseload

Table 24: Number of Participants for Selected Years, Department of Aging Programs

	2007-08	2013-14	2014-15	2015-16
CBAS	43,845	29,593	31,524	33,206
Congregate Nutrition	144,610	163,269	165,459	168,086
Home Delivered Meals	59,649	53,959	55,319	55,266
Family Caregiver Support	17,860	15,432	15,394	16,105
HICAP	47,082	99,227	112,517	84,763
Multipurpose Senior Services Program	13,600	11,266	11,616	n/a
Senior Community Employment Service	6,212	1,023	901	767
Supportive Services	837,093	806,938	1,014,260	1,170,554

Source: California Department of Aging, Program Statistical Data Sheets

Total number of participants by program are shown in Table 24 for selected years.

Applicability

While labor force participation by persons over 65 has generally increased, the Aging programs are targeted more towards keeping seniors within their homes and active within their communities rather than efforts related to income support or other anti-poverty measures. By providing additional services, these programs may assist in expanding employment options for households who would otherwise spend this time caring for senior members requiring assistance or services, but the types of assistance combined with the relatively lower caseload capacity reduces the potential applicability of these programs overall to the goals of upward mobility.

Budget & Program Costs

The overall costs of the programs are presented in the following tables. Data was drawn from the following sources:

- Core data was taken from the state budget documents including the most recently released proposed budget for 2018-19. The costs are broken down by total (Table 26), portion coming from the general fund (Table 27), other state funds (Table 28) primarily fees and dedicated taxes under special funds and through reimbursements from other agencies, and federal funds (Table 29).
- Additional data, for example the direct federal benefit payments, was taken from agency data bases and annual reports. In some cases, this data was available only by calendar year. The corresponding fiscal year numbers shown in the tables were estimated by taking 50% of each of the included years.
- Where data is not currently available, primarily the projected numbers for 2017-18 and 2018-19, the estimates shown in the table generally are taken as the rounded level from the most recent available year in order to provide a conservative estimate. In some cases as detailed in the table notes, these estimates were adjusted, for example to reflect changes stemming from the recent federal tax reform.
- County costs are generally reflected in the Local Assistance portion of the individual budget items along with the two Realignment funds allocating revenues to the counties to cover costs of the realigned programs. The table estimates also include two components of costs covered from other county funds. The general relief costs are taken from annual financial reports to the State Controller's Office, adjusted to include a component for San Francisco. The required county match for the programs under Department of Social Services were taken from the Department's annual budget documents. Taken together, these four components cover most but not all of annual county expenditures for these purposes, but include the primary ones and ones for which aggregated data is available.
- The associated administrative costs, where available, are shown in Table 30. The state portion is taken from the State Operations component of the budget expenditures, and includes both direct administrative activities along with some related program costs where some program service delivery occurs at the state rather than just the county level or where assistance is provided through programs rather than cash payments.

The county portions cover both direct expenditures identified in the budget documents for local administration along with the additional costs above these amounts—again adjusted to incorporate San Francisco—taken from the State Controller data on administrative costs for Welfare and administration and programs for Social Services. These estimates do not cover the full administrative costs of the counties, including for activities under General Relief, Other Public Assistance, Workforce Investment Act, foster care programs, and related costs

under other program areas. Aggregated data on these additional administrative amounts, however, is not available.

No administrative costs are included for the federal agencies, including both those related to the administration of benefit payments and costs related to general administration and oversight of state and local expenditures under the federal grants. Previous studies generally put these costs in the 3% to 10% range, varied by program.

As indicated in the notes, administrative cost estimates also are not readily available for some of the other individual programs.

- Costs are presented for 2007-08 as the pre-recession expenditure peak for state spending overall, 2011-12 as the post-recession low point for general fund expenditures, 2015-16 as the most recent year for which funding amounts are available on all government levels, and the final three years containing the most current budget projections. Note, however, that while 2011-12 was the most recent low expenditure point for the state general fund, total program expenditures overall increased as the result of shifting previously general fund spending to special funds under Realignment and other budget shifts and as the result of higher federal funds.
- The costs shown in these tables cover only the programs described in the previous sections. As indicated at the beginning of this report, they do not include additional components of the social safety net that can apply due to an individual's situation related to age, health, veteran status, and other factors rather than means-tested income. These additional components in some cases have far greater effects on cash income levels and income-to-poverty levels than the assistance programs contained in the tables. These components include: Social Security, Medicare, Unemployment Insurance, Worker's Compensation, Social Security Disability Insurance, Veteran's Disability and other veteran's programs, programs under Department of Developmental Services, programs under Department of Rehabilitation, State Hospitals, and other transfer payments including child support, alimony, and other cash payments. These costs also do not include most of the broader economic and community development grant and loan programs that are intended to improve employment and wage opportunities within targeted areas, including those of the Economic Development Administration, Small Business Administration, most expenditures from prior and the most recent state housing bonds, and other related federal and state programs.
- While some elements are contained within the broader categories in these tables, not all of the workforce development and job training programs are covered, in particular the larger programs under California Community Colleges (CCC) and several of the smaller efforts. These are instead summarized in Table 25 for the most recent fiscal years. Training programs included in the broader budget items of Tables 26-20 are shown italicized in Table 26, along with the net additional resources applied to these programs in the available years shown.

In addition, beyond the entries for California Student Aid Commission (CSAC), Tables 26-30 do not cover all the available sources of tuition and related financial aid. The total scale of the federal and state sources is summarized in the earlier section for the three public

higher education systems in the state, found in Table 22 presenting the total cost information for undergraduate students.

From the information in these tables:

- The total amount of resources allocated towards combating/alleviating poverty and improving low incomes has continued to rise. From about \$99 billion just prior to the recession in 2007-08, total resources are estimated to rise to more than double to \$212 billion in 2018-19 (\$217 billion when taking into account the full range of workforce/jobs training programs). When incorporating the effect of transferring general fund programs and related revenues to the counties in 2011 along with substantial increases in federal funds especially for healthcare, this rise in resources has essentially been continuous.
- Using simple averages—distributing the cost of each program over its eligible/target income group expressed as the number of persons within each income-to-poverty band—the amount of available resources was about \$20,200 per person below poverty in 2015-16, composed of direct assistance, program services, and targeted spending (e.g., LCFF) intended to improve conditions faced by those in poverty. The actual amount, however, for which each person was eligible varies—in a few cases lower because enrollment in one program precludes enrollment in another (e.g., SSI/SPP), in other cases lower or higher due to age, disability, or other qualifying factors, and in several others higher because the amount of assistance/benefits under almost all programs declines as incomes rise. However, to put this number into context, the CalWORKS Benefits Model provided earlier in this report is based around a structure to provide from \$15,800 (\$0 earned income) to \$16,800 (maximum eligible earned income) in cash benefits for a family with 1 adult and 2 children in poverty. The full range of local, state, and federal programs providing these benefits or providing services targeted to this income level works out—in this simple comparison—to about \$60,600 for this family.
- Caseload projections for the traditional income assistance programs show a decline both in current and the next budget year. This trend arises from four basic factors. First, unemployment is low, and even though labor force participation also remains low and still represents a pool of potential workers currently without earned income, caseloads historically have varied with the condition of the economy.

Second, the minimum wage is rising under current law. Assuming no attendant effects on available weekly hours or the supply of jobs at this wage level, these projections assume rising wages alone will reduce eligibility and the size of potential benefits per household.

Third, the potential caseload continues to be affected by the ongoing trade-offs between providing assistance in cash or in services, grounded in the continuing issue over whether cash assistance provides a disincentive to seek work or, especially when tied to earned income levels, is the most efficient means to deliver on the goals of welfare reform. While other states have allocated their TANF grant funds more to programs, California has been on the upper end, allocating just over 40% to direct benefits in 2015 (Center on Budget and Policy Priorities, January 2017). This amount has declined, however, along with an expansion of activities to meet the work requirements beyond actual employment.

Finally, the cost of delivering the programs continues to rise. IHSS and childcare benefits in particular will face cost pressures as a result of rising minimum wage. The ongoing steep rise in pension payments continues to crowd out service delivery in both state and local agencies.

- The largest increases have been seen in areas such as education, health care, IHSS, food stamps, and refundable tax credits. Federal rental payment assistance has also seen significant growth, but driven more by the cost of the assistance required rather than expansion of the number being assisted.
- Total administrative costs—including administration along with costs to operate service-providing programs—is at least \$12.5 billion. This amount, however, does not cover the related costs for all of the programs, but as discussed above, covers only those for which the administrative costs are available from the source documents used in these estimates.

Table 25: Estimated Costs: Primary Workforce & Job Training Programs

Program	Agency	2015-16			2016-17			2017-18		
		General Fund	Other Funds	Total	General Fund	Other Funds	Total	General Fund	Other Funds	Total
Apportionments for workforce education and training	CCC	2,108		2,108	2,149		2,149	2,285		2,285
Adult Education Block Grant	CCC/CDE	525		525	500		500	500		500
Career Technical Education Incentive Grants	CDE	400		400	300		300	200		200
<i>CalWORKs employment and training services</i>	DSS	242	1,190	1,432	234	1,142	1,376	274	920	1,194
Strong Workforce Program	CCC				200		200	248		248
Office of Correctional Education programs	CDCR	182		182	197		197	215		215
Office of Offender Services	CDCR	81	43	124	111	43	155	184	43	227
Vocational Rehabilitation	CDR	58	357	415	59	364	423	62	367	429
Apprenticeships	CCC/CDE	52		52	54		54	55		55
California Corps Core Training Program	Corps	46	43	90	24	62	86	44	54	98
Career Technical Education Pathways	CCC/CDE	48		48	48		48	15		15
Project Workability for students in special education	CDE	40		40	40		40	40		40
<i>CCC student services for CalWORKs recipients</i>	CCC	35		35	35		35	44		44
Economic and Workforce Development	CCC	23		23	23		23	23		23
California Partnership Academies	CDE	21		21	21		21	21		21
Adults in Correctional Facilities	CDE	15		15	15		15	15		15
Nursing program support	CCC	13		13	13		13	13		13
Specialized Secondary Programs	CDE	5		5	5		5	5		5
Agriculture Incentive Grants	CDE	4		4	4		4	4		4
<i>Adult, Youth, and Dislocated Worker Services (WIOA Title I)</i>	EDD		398	398		398	398		390	390
<i>Wagner-Peyser Employment Services (WIOA Title III)</i>	EDD		129	129		127	127		128	128
Carl D. Perkins Career and Technical Education Act	CCC/CDE		121	121		112	112		122	122
Adult Education and Family Literacy Program (WIOA Title II)	CCC/CDE		90	90		85	85		95	95
<i>Employment Training Panel</i>	EDD		73	73		73	73		78	78
<i>CalFresh Employment and Training Program</i>	DSS		68	68		63	63		64	64
<i>Jobs for Veterans State Grant (WIOA Title I)</i>	EDD		19	19		20	20		20	20
CDE student services for CalWORKs recipients	CDE		13	13		13	13		10	10
American Apprenticeship grants	Various		11	11						
Investing in California Communities through Building Energy Efficiency	Energy		9	9						
Energy Corps	Corps		5	5		5	5			
Library Literacy and English Acquisition Program	CSL							5		5
Supervised Population Workforce Training Grant Program	EDD							2		2
Road Repair and Accountability Act pre-apprenticeships	WDB								5	5
Proposition 39 pre-apprenticeships	EDD		3	3		3	3		3	3
Offender development programs Totals	CalPIA	2	2	4	2	2	4	2	2	4
TOTAL		3,901	2,574	6,475	4,037	2,511	6,548	4,257	2,299	6,556
Included in Tables 26-30 (italicized programs)		242	1,877	2,119	234	1,823	2,057	274	1,600	1,874
NET ADDITIONS		3,659	697	4,356	3,803	688	4,491	3,983	699	4,682

Source: California Legislative Analysts' Office, Analysis of Higher Education Budget (various years)

Table 26: Estimated Program Costs: Total (\$ billion)

Agency	Program	2007-08	2011-12	2015-16	2016-17	2017-18	2018-19
Assistance Programs							
DSS	CalWorks	5.230	4.278	3.797	4.150	3.824	3.829
DSS	County Administration & Automation Projects	1.088	1.471	1.962	1.945	2.004	1.976
DSS	SSI/SSP	3.624	2.722	2.792	2.775	2.864	2.829
DSS	Other Assistance Programs (1)	1.243	0.767	0.929	1.065	1.157	1.159
DSS	Disability Evaluations & Other Services	0.232	0.251	0.266	0.243	0.274	0.277
DCDC	Energy Programs (LIHEAP)	0.114	0.192	0.228	0.285	0.214	0.205
DOPH	Family Health (6)	1.594	1.678	1.491	1.421	1.493	1.485
DHCD	Financial Assistance Program (affordable housing)	1.228	0.473	1.000	0.487	0.653	0.995
FTB	State EITC (10)	0.000	0.000	0.214	0.255	0.395	0.395
CPUC	Universal Service Telephone Programs	0.677	0.464	0.594	0.725	0.996	0.774
	Subtotal, Assistance Programs	15.030	12.297	13.273	13.352	13.875	13.924
Off Budget Assistance							
CPUC	CARE/FERA/ESA (12)	0.000	0.000	1.660	1.676	1.700	1.710
CPUC	California Climate Credit (13)	0.000	0.000	0.249	0.249	0.249	0.249
	Subtotal, Off Budget Assistance	0.000	0.000	1.909	1.925	1.949	1.959
Health Care							
DHCS	Medi-Cal	36.355	43.718	83.710	89.870	100.628	102.103
DHCS	Children's Medical Services	0.339	0.281	0.223	0.231	0.284	0.306
DHCS	Rural & Indian Health	0.056	0.001	0.004	0.004	0.005	0.004
DHCS	Other Care Services (2)	1.478	1.478	1.830	2.329	2.363	2.131
CHBE	California Health Benefit Exchange	0.000	0.000	0.382	0.312	0.320	0.320
	Subtotal, Health Care	38.228	45.478	86.149	92.745	103.599	104.863
Education/Job Training/Childcare							
CDE	Local Control Funding Formula (7), (14)	0.000	0.000	9.899	10.295	10.551	11.044
CDE	Special Programs	4.345	4.422	5.773	5.923	6.563	6.884
CDE	Migrant Education Program (7), (9)	0.130	0.135	0.119	0.121	0.116	0.116
CDE	Title I (7), (9)	1.699	1.654	1.631	1.831	1.770	1.770
CDE	Homeless Children & Youth Education (7), (9)	0.008	0.007	0.008	0.009	0.008	0.008
CCFC	California Children & Families Commission	0.528	0.484	0.425	0.356	0.422	0.398
EDD	Employment Training Panel	0.080	0.049	0.079	0.076	0.079	0.089
EDD	Workforce Innovation & Opportunity Act	0.468	0.422	0.397	0.410	0.404	0.389
EDD	National Dislocated Worker Grants/National Emergency Grants	0.020	0.025	0.029	0.037	0.045	0.045
WDB	California Workforce Development Board	0.002	0.002	0.007	0.007	0.012	0.026
CSAC	California Student Aid Commission	2.269	1.563	2.016	2.076	2.245	2.319
	Subtotal, Education/Job Training/Childcare	9.548	8.763	20.383	21.142	22.215	23.088
Social Services							
Aging	Nutrition	0.078	0.084	0.087	0.092	0.091	0.082
Aging	Senior Community Employment Service	0.012	0.009	0.007	0.007	0.008	0.008
Aging	Supportive Services	0.070	0.065	0.062	0.065	0.068	0.070
Aging	Community-Based Programs & Projects (3)	0.057	0.014	0.014	0.014	0.016	0.014
Aging	Medi-Cal Programs		0.025	0.025	0.026	0.028	0.028
DCDC	Community Services	0.058	0.059	0.070	0.072	0.066	0.063
DCSS	Child Support Services	1.086	0.917	0.976	0.969	1.011	1.011
DSS	IHSS	2.208	5.502	9.470	11.261	11.600	11.223
DSS	Children & Adult Services & Licensing	7.156	1.589	1.590	1.667	2.055	1.954
DSS	Special Programs	0.022	0.031	0.053	0.041	0.086	0.056
DSS	Title IV-E Waiver (5)	0.770	0.543	0.800	0.826	0.919	0.903
	Subtotal, Social Services	9.287	8.839	13.154	15.040	15.947	15.413
Funding							
	1991 Realignment	4.493	4.192	5.125	5.377	5.607	5.829
	2011 Realignment (8)	0.000	0.000	2.363	2.464	2.569	2.670
DHCD	California Housing Finance Agency	0.037	0.049	0.040	0.036	0.039	0.039
	Subtotal, Funding	4.530	4.241	7.528	7.877	8.215	8.538
	TOTAL, STATE COSTS	79.623	79.617	142.396	152.081	165.799	167.784
Federal Benefit Payments							
	Federal SSI Payments (9), (7)	5.187	6.539	7.189	7.203	7.215	7.215
	Federal SNAP Benefits (11), (7)	2.867	6.981	7.335	6.859	6.500	6.500
	Federal EITC (17)	5.311	7.251	7.654	7.600	7.600	7.600
	Child & Additional Child Credits (17)	3.466	7.336	6.533	6.500	6.500	6.500
	ACA APTC (21)	0.000	0.000	6.162	6.675	7.000	7.000
	HUD Rental Assistance (19)	3.728	4.312	4.936	5.189	5.320	5.320
	State/Federal Low Income Housing Credit (18)	0.204	0.265	0.383	0.304	0.300	0.190
	TOTAL, FEDERAL BENEFIT PAYMENTS	20.763	32.684	40.192	40.330	40.435	40.325
Counties							
	General Relief (15)	0.280	0.400	0.375	0.375	0.375	0.375
	County Cost Share, Social Services (16)	1.331	1.363	2.500	2.841	3.200	3.200
	TOTAL, INCLUDED COUNTY COSTS (20)	1.611	1.763	2.875	3.216	3.575	3.575
	GRAND TOTAL	98.997	114.064	185.463	195.627	209.809	211.684

Table 27: Estimated Program Costs: General Fund (\$ billion)

Agency	Program	2007-08	2011-12	2015-16	2016-17	2017-18	2018-19
Assistance Programs							
DSS	CalWorks	1.482	1.158	0.673	0.885	0.606	0.705
DSS	County Administration & Automation Projects	0.451	0.569	0.742	0.727	0.772	0.766
DSS	SSI/SSP	0.001	2.722	2.792	2.775	2.864	2.829
DSS	Other Assistance Programs (1)	0.654	0.094	0.167	0.235	0.239	0.201
DSS	Disability Evaluations & Other Services	0.016	0.016	0.013	0.003	0.006	0.006
DCDC	Energy Programs (LIHEAP)	0.000	0.000	0.000	0.000	0.000	0.000
DOPH	Family Health (6)	0.051	0.006	0.007	0.007	0.007	0.007
DHCD	Financial Assistance Program (affordable housing)	0.012	0.007	0.018	0.053	0.035	0.007
FTB	State EITC (10)	0.000	0.000	0.214	0.255	0.395	0.395
CPUC	Universal Service Telephone Programs	0.000	0.000	0.000	0.000	0.000	0.000
	Subtotal, Assistance Programs	2.668	4.572	4.625	4.941	4.924	4.916
Off Budget Assistance							
CPUC	CARE/FERA/ESA (12)	0.000	0.000	0.000	0.000	0.000	0.000
CPUC	California Climate Credit (13)	0.000	0.000	0.000	0.000	0.000	0.000
	Subtotal, Off Budget Assistance	0.000	0.000	0.000	0.000	0.000	0.000
Health Care							
DHCS	Medi-Cal	14.164	15.228	17.771	19.433	20.515	21.863
DHCS	Children's Medical Services	0.022	0.059	0.171	0.170	0.190	0.215
DHCS	Rural & Indian Health	0.026	0.000	0.001	0.001	0.001	0.001
DHCS	Other Care Services (2)	0.023	0.023	0.044	0.209	0.065	-0.141
CHBE	California Health Benefit Exchange	0.000	0.000	0.000	0.000	0.000	0.000
	Subtotal, Health Care	14.235	15.310	17.986	19.812	20.770	21.937
Education/Job Training/Childcare							
CDE	Local Control Funding Formula (7), (14)	0.000	0.000	9.899	10.295	10.551	11.044
CDE	Special Programs	1.937	1.591	2.533	2.585	2.910	3.253
CDE	Migrant Education Program (7), (9)	0.000	0.000	0.000	0.000	0.000	0.000
CDE	Title I (7), (9)	0.000	0.000	0.000	0.000	0.000	0.000
CDE	Homeless Children & Youth Education (7), (9)	0.000	0.000	0.000	0.000	0.000	0.000
CCFC	California Children & Families Commission	0.000	0.000	0.000	0.000	0.000	0.000
EDD	Employment Training Panel	0.000	0.000	0.000	0.000	0.000	0.000
EDD	Workforce Innovation & Opportunity Act	0.006	0.000	0.000	0.000	0.000	0.000
EDD	National Dislocated Worker Grants/National Emergency Grants	0.000	0.000	0.000	0.000	0.000	0.000
WDB	California Workforce Development Board	0.000	0.000	0.000	0.000	0.000	0.016
CSAC	California Student Aid Commission	0.865	1.471	1.479	1.130	1.178	1.201
	Subtotal, Education/Job Training/Childcare	2.808	3.062	13.911	14.010	14.639	15.514
Social Services							
Aging	Nutrition	0.009	0.008	0.008	0.010	0.008	0.008
Aging	Senior Community Employment Service	0.003	0.000	0.000	0.000	0.000	0.000
Aging	Supportive Services	0.002	0.001	0.002	0.001	0.001	0.001
Aging	Community-Based Programs & Projects (3)	0.043	0.000	0.000	0.000	0.000	0.000
Aging	Medi-Cal Programs		0.023	0.023	0.023	0.024	0.003
DCDC	Community Services	0.000	0.000	0.007	0.008	0.000	0.000
DCSS	Child Support Services	0.326	0.307	0.313	0.311	0.316	0.316
DSS	IHSS	1.692	1.733	2.748	3.211	3.351	3.611
DSS	Children & Adult Services & Licensing	0.744	0.109	0.181	0.235	0.417	0.345
DSS	Special Programs	0.005	0.005	0.023	0.037	0.083	0.053
DSS	Title IV-E Waiver (5)	0.315	0.000	0.024	0.043	0.112	0.072
	Subtotal, Social Services	3.139	2.185	3.329	3.878	4.311	4.409
Funding							
	1991 Realignment	0.000	0.000	0.000	0.000	0.000	0.000
	2011 Realignment (8)	0.000	0.000	0.000	0.000	0.000	0.000
DHCD	California Housing Finance Agency	0.000	0.000	0.000	0.000	0.000	0.000
	Subtotal, Funding	0.000	0.000	0.000	0.000	0.000	0.000
	TOTAL, STATE COSTS	22.850	25.129	39.852	42.642	44.644	46.777
Federal Benefit Payments							
	Federal SSI Payments (9), (7)	0.000	0.000	0.000	0.000	0.000	0.000
	Federal SNAP Benefits (11), (7)	0.000	0.000	0.000	0.000	0.000	0.000
	Federal EITC (17)	0.000	0.000	0.000	0.000	0.000	0.000
	Child & Additional Child Credits (17)	0.000	0.000	0.000	0.000	0.000	0.000
	ACA APTC (21)	0.000	0.000	0.000	0.000	0.000	0.000
	HUD Rental Assistance (19)	0.000	0.000	0.000	0.000	0.000	0.000
	State/Federal Low Income Housing Credit (18)	0.073	0.109	0.106	0.072	0.070	0.070
	TOTAL, FEDERAL BENEFIT PAYMENTS	0.073	0.109	0.106	0.072	0.070	0.070
Counties							
	General Relief (15)	0.000	0.000	0.000	0.000	0.000	0.000
	County Cost Share, Social Services (16)	0.000	0.000	0.000	0.000	0.000	0.000
	TOTAL, INCLUDED COUNTY COSTS (20)	0.000	0.000	0.000	0.000	0.000	0.000
	GRAND TOTAL	22.923	25.238	39.958	42.714	44.714	46.847

Table 28: Estimated Program Costs: Other State Funds (\$ billion)

Agency	Program	2007-08	2011-12	2015-16	2016-17	2017-18	2018-19
Assistance Programs							
DSS	CalWorks	0.050	0.004	0.001	0.001	0.001	0.001
DSS	County Administration & Automation Projects	0.052	0.019	0.171	0.176	0.185	0.166
DSS	SSI/SSP	0.000	0.000	0.000	0.000	0.000	0.000
DSS	Other Assistance Programs (1)	0.012	0.010	0.008	0.008	0.009	0.009
DSS	Disability Evaluations & Other Services	0.018	0.016	0.020	0.003	0.006	0.006
DCDC	Energy Programs (LIHEAP)	0.000	0.000	0.050	0.068	0.024	0.016
DOPH	Family Health (6)	0.511	0.372	0.368	0.375	0.407	0.407
DHCD	Financial Assistance Program (affordable housing)	1.066	0.329	0.897	0.334	0.487	0.856
FTB	State EITC (10)	0.000	0.000	0.000	0.000	0.000	0.000
CPUC	Universal Service Telephone Programs	0.677	0.464	0.594	0.725	0.996	0.774
	Subtotal, Assistance Programs	2.387	1.215	2.110	1.690	2.115	2.235
Off Budget Assistance							
CPUC	CARE/FERA/ESA (12)	0.000	0.000	1.660	1.676	1.700	1.710
CPUC	California Climate Credit (13)	0.000	0.000	0.249	0.249	0.249	0.249
	Subtotal, Off Budget Assistance	0.000	0.000	1.909	1.925	1.949	1.959
Health Care							
DHCS	Medi-Cal	1.642	3.797	13.835	11.127	15.857	12.784
DHCS	Children's Medical Services	0.197	0.108	0.037	0.047	0.073	0.069
DHCS	Rural & Indian Health	0.028	0.001	0.002	0.002	0.002	0.002
DHCS	Other Care Services (2)	1.382	1.382	1.460	1.869	1.899	1.891
CHBE	California Health Benefit Exchange	0.000	0.000	0.376	0.216	0.320	0.320
	Subtotal, Health Care	3.250	5.288	15.709	13.261	18.151	15.065
Education/Job Training/Childcare							
CDE	Local Control Funding Formula (7), (14)	0.000	0.000	0.000	0.000	0.000	0.000
CDE	Special Programs	0.024	0.019	0.004	0.004	0.010	0.052
CDE	Migrant Education Program (7), (9)	0.000	0.000	0.000	0.000	0.000	0.000
CDE	Title I (7), (9)	0.000	0.000	0.000	0.000	0.000	0.000
CDE	Homeless Children & Youth Education (7), (9)	0.000	0.000	0.000	0.000	0.000	0.000
CCFC	California Children & Families Commission	0.528	0.484	0.425	0.356	0.422	0.398
EDD	Employment Training Panel	0.080	0.049	0.079	0.076	0.079	0.089
EDD	Workforce Innovation & Opportunity Act	0.322	0.078	0.078	0.090	0.107	0.093
EDD	National Dislocated Worker Grants/National Emergency Grants	0.020	0.025	0.029	0.037	0.045	0.045
WDB	California Workforce Development Board	0.000	0.000	0.004	0.003	0.008	0.006
CSAC	California Student Aid Commission	1.393	0.092	0.537	0.946	1.067	1.118
	Subtotal, Education/Job Training/Childcare	2.366	0.746	1.156	1.513	1.738	1.800
Social Services							
Aging	Nutrition	0.000	0.000	0.002	0.001	0.001	0.001
Aging	Senior Community Employment Service	0.000	0.000	0.000	0.000	0.000	0.000
Aging	Supportive Services	0.006	0.003	0.007	0.006	0.006	0.005
Aging	Community-Based Programs & Projects (3)	0.010	0.007	0.007	-0.040	-0.041	-0.045
Aging	Medi-Cal Programs		0.003	0.002	0.003	0.004	0.024
DCDC	Community Services	0.000	0.000	0.000	0.002	0.002	0.000
DCSS	Child Support Services	0.237	0.203	0.173	0.170	0.169	0.168
DSS	IHSS	3.234	3.769	6.722	8.050	8.248	7.612
DSS	Children & Adult Services & Licensing	0.193	0.297	0.350	0.360	0.383	0.390
DSS	Special Programs	0.000	0.000	0.000	0.000	0.000	0.000
DSS	Title IV-E Waiver (5)	0.000	0.000	0.000	0.000	0.000	0.000
	Subtotal, Social Services	3.680	4.282	7.263	8.552	8.774	8.156
Funding							
	1991 Realignment	4.493	4.192	5.125	5.377	5.607	5.829
	2011 Realignment (8)	0.000	0.000	2.363	2.464	2.569	2.670
DHCD	California Housing Finance Agency	0.037	0.049	0.040	0.036	0.039	0.039
	Subtotal, Funding	4.530	4.241	7.528	7.877	8.215	8.538
	TOTAL, STATE COSTS	16.213	15.772	35.675	34.817	40.941	37.753
Federal Benefit Payments							
	Federal SSI Payments (9), (7)	0.000	0.000	0.000	0.000	0.000	0.000
	Federal SNAP Benefits (11), (7)	0.000	0.000	0.000	0.000	0.000	0.000
	Federal EITC (17)	0.000	0.000	0.000	0.000	0.000	0.000
	Child & Additional Child Credits (17)	0.000	0.000	0.000	0.000	0.000	0.000
	ACA APTC (21)	0.000	0.000	0.000	0.000	0.000	0.000
	HUD Rental Assistance (19)	0.000	0.000	0.000	0.000	0.000	0.000
	State/Federal Low Income Housing Credit (18)	0.000	0.000	0.000	0.000	0.000	0.000
	TOTAL, FEDERAL BENEFIT PAYMENTS	0.000	0.000	0.000	0.000	0.000	0.000
Counties							
	General Relief (15)	0.000	0.000	0.000	0.000	0.000	0.000
	County Cost Share, Social Services (16)	0.000	0.000	0.000	0.000	0.000	0.000
	TOTAL, INCLUDED COUNTY COSTS (20)	0.000	0.000	0.000	0.000	0.000	0.000
	GRAND TOTAL	16.213	15.772	35.675	34.817	40.941	37.753

Table 29: Estimated Program Costs: Federal Funds (\$ billion)

Agency	Program	2007-08	2011-12	2015-16	2016-17	2017-18	2018-19
Assistance Programs							
DSS	CalWorks	3.698	3.116	3.123	3.264	3.217	3.123
DSS	County Administration & Automation Projects	0.585	0.883	1.049	1.042	1.047	1.044
DSS	SSI/SSP	3.624	0.000	0.000	0.000	0.000	0.000
DSS	Other Assistance Programs (1)	0.576	0.664	0.754	0.822	0.909	0.948
DSS	Disability Evaluations & Other Services	0.198	0.218	0.233	0.238	0.262	0.265
DCDC	Energy Programs (LIHEAP)	0.113	0.192	0.178	0.218	0.190	0.190
DOPH	Family Health (6)	1.032	1.299	1.116	1.039	1.079	1.071
DHCD	Financial Assistance Program (affordable housing)	0.149	0.137	0.085	0.099	0.131	0.131
FTB	State EITC (10)	0.000	0.000	0.000	0.000	0.000	0.000
CPUC	Universal Service Telephone Programs	0.000	0.000	0.000	0.000	0.000	0.000
	Subtotal, Assistance Programs	9.975	6.510	6.539	6.722	6.836	6.773
Off Budget Assistance							
CPUC	CARE/FERA/ESA (12)	0.000	0.000	0.000	0.000	0.000	0.000
CPUC	California Climate Credit (13)	0.000	0.000	0.000	0.000	0.000	0.000
	Subtotal, Off Budget Assistance	0.000	0.000	0.000	0.000	0.000	0.000
Health Care							
DHCS	Medi-Cal	20.548	24.693	52.105	59.310	64.256	67.456
DHCS	Children's Medical Services	0.120	0.114	0.016	0.014	0.021	0.021
DHCS	Rural & Indian Health	0.002	0.000	0.001	0.001	0.001	0.001
DHCS	Other Care Services (2)	0.073	0.073	0.326	0.251	0.399	0.382
CHBE	California Health Benefit Exchange	0.000	0.000	0.006	0.096	0.000	0.000
	Subtotal, Health Care	20.743	24.880	52.453	59.671	64.678	67.860
Education/Job Training/Childcare							
CDE	Local Control Funding Formula (7), (14)	0.000	0.000	0.000	0.000	0.000	0.000
CDE	Special Programs	2.385	2.813	3.236	3.334	3.644	3.579
CDE	Migrant Education Program (7), (9)	0.130	0.135	0.119	0.121	0.116	0.116
CDE	Title I (7), (9)	1.699	1.654	1.631	1.831	1.770	1.770
CDE	Homeless Children & Youth Education (7), (9)	0.008	0.007	0.008	0.009	0.008	0.008
CCFC	California Children & Families Commission	0.000	0.000	0.000	0.000	0.000	0.000
EDD	Employment Training Panel	0.000	0.000	0.000	0.000	0.000	0.000
EDD	Workforce Innovation & Opportunity Act	0.140	0.344	0.319	0.321	0.297	0.297
EDD	National Dislocated Worker Grants/National Emergency Grants	0.000	0.000	0.000	0.000	0.000	0.000
WDB	California Workforce Development Board	0.002	0.002	0.003	0.003	0.004	0.005
CSAC	California Student Aid Commission	0.011	0.000	0.000	0.000	0.000	0.000
	Subtotal, Education/Job Training/Childcare	4.374	4.955	5.316	5.619	5.838	5.774
Social Services							
Aging	Nutrition	0.069	0.076	0.077	0.081	0.082	0.072
Aging	Senior Community Employment Service	0.008	0.009	0.007	0.007	0.008	0.008
Aging	Supportive Services	0.062	0.061	0.053	0.058	0.061	0.064
Aging	Community-Based Programs & Projects (3)	0.003	0.007	0.007	0.054	0.056	0.059
Aging	Medi-Cal Programs		0.000	0.000	0.000	0.000	0.000
DCDC	Community Services	0.058	0.059	0.063	0.062	0.063	0.063
DCSS	Child Support Services	0.523	0.407	0.490	0.488	0.526	0.527
DSS	IHSS	0.000	0.000	0.000	0.000	0.000	0.000
DSS	Children & Adult Services & Licensing	1.271	1.184	1.059	1.072	1.255	1.218
DSS	Special Programs	0.017	0.026	0.030	0.004	0.004	0.004
DSS	Title IV-E Waiver (5)	0.455	0.543	0.776	0.784	0.807	0.832
	Subtotal, Social Services	2.468	2.372	2.562	2.610	2.862	2.848
Funding							
	1991 Realignment	0.000	0.000	0.000	0.000	0.000	0.000
	2011 Realignment (8)	0.000	0.000	0.000	0.000	0.000	0.000
DHCD	California Housing Finance Agency	0.000	0.000	0.000	0.000	0.000	0.000
	Subtotal, Funding	0.000	0.000	0.000	0.000	0.000	0.000
	TOTAL, STATE COSTS	37.560	38.716	66.870	74.622	80.214	83.255
Federal Benefit Payments							
	Federal SSI Payments (9), (7)	5.187	6.539	7.189	7.203	7.215	7.215
	Federal SNAP Benefits (11), (7)	2.867	6.981	7.335	6.859	6.500	6.500
	Federal EITC (17)	5.311	7.251	7.654	7.600	7.600	7.600
	Child & Additional Child Credits (17)	3.466	7.336	6.533	6.500	6.500	6.500
	ACA APTC (21)	0.000	0.000	6.162	6.675	7.000	7.000
	HUD Rental Assistance (19)	3.728	4.312	4.936	5.189	5.320	5.320
	State/Federal Low Income Housing Credit (18)	0.131	0.156	0.277	0.232	0.230	0.120
	TOTAL, FEDERAL BENEFIT PAYMENTS	20.690	32.575	40.086	40.258	40.365	40.255
Counties							
	General Relief (15)	0.000	0.000	0.000	0.000	0.000	0.000
	County Cost Share, Social Services (16)	0.000	0.000	0.000	0.000	0.000	0.000
	TOTAL, INCLUDED COUNTY COSTS (20)	0.000	0.000	0.000	0.000	0.000	0.000
	GRAND TOTAL	58.250	71.291	106.956	114.880	120.579	123.510

Table 30: Estimated Program Costs: Administrative Costs (\$ billion)

Agency	Program	2007-08	2011-12	2015-16	2016-17	2017-18	2018-19
Assistance Programs							
DSS	CalWorks	0.026	0.024	0.032	0.029	0.034	0.035
DSS	County Administration & Automation Projects	0.000	0.000	0.000	0.000	0.000	0.000
DSS	SSI/SSP	0.001	0.001	0.001	0.001	0.002	0.002
DSS	Other Assistance Programs (1)	0.038	0.035	0.043	0.052	0.054	0.056
DSS	Disability Evaluations & Other Services	0.232	0.026	0.266	0.243	0.274	0.277
DCDC	Energy Programs (LIHEAP)	0.008	0.011	0.016	0.014	0.024	0.023
DOPH	Family Health (6)	0.174	0.089	0.104	0.097	0.122	0.126
DHCD	Financial Assistance Program (affordable housing)	0.030	0.032	0.037	0.038	0.046	0.057
FTB	State EITC (10)	0.000	0.000	0.014	0.007	0.018	0.016
CPUC	Universal Service Telephone Programs	0.000	0.000	0.087	0.080	0.110	0.110
	Subtotal, Assistance Programs	0.509	0.217	0.600	0.561	0.684	0.702
Off Budget Assistance							
CPUC	CARE/FERA/ESA (12)	0.000	0.000	0.077	0.108	0.110	0.100
CPUC	California Climate Credit (13)						
	Subtotal, Off Budget Assistance	0.000	0.000	0.077	0.108	0.110	0.100
Health Care							
DHCS	Medi-Cal	0.349	0.376	0.457	0.540	0.679	0.685
DHCS	Children's Medical Services	0.022	0.021	0.020	0.018	0.025	0.025
DHCS	Rural & Indian Health	0.002	0.002	0.003	0.003	0.003	0.003
DHCS	Other Care Services (2)	0.023	0.023	0.044	0.049	0.064	0.059
CHBE	California Health Benefit Exchange	0.000	0.000	0.382	0.312	0.320	0.320
	Subtotal, Health Care	0.397	0.422	0.906	0.922	1.091	1.092
Education/Job Training/Childcare							
DOE	Local Control Funding Formula (7), (14)						
DOE	Special Programs	0.050	0.055	0.069	0.070	0.081	0.080
DOE	Migrant Education Program (7), (9)						
DOE	Title I (7), (9)						
DOE	Homeless Children & Youth Education (7), (9)						
CCFC	California Children & Families Commission	0.005	0.006	0.007	0.006	0.006	0.005
EDD	Employment Training Panel	0.000	0.000	0.079	0.000	0.000	0.000
EDD	Workforce Innovation & Opportunity Act	0.101	0.077	0.076	0.100	0.107	0.093
EDD	National Dislocated Worker Grants/National	0.000	0.000	0.000	0.030	0.031	0.030
WDB	California Workforce Development Board	0.002	0.002	0.007	0.007	0.012	0.026
CSAC	California Student Aid Commission	0.014	0.011	0.014	0.016	0.016	0.022
	Subtotal, Education/Job Training/Childcare	0.172	0.151	0.252	0.228	0.252	0.256
Social Services							
Aging	Nutrition	0.003	0.002	0.003	0.003	0.003	0.004
Aging	Senior Community Employment Service	0.001	0.000	0.000	0.000	0.001	0.001
Aging	Supportive Services	0.005	0.003	0.004	0.004	0.005	0.005
Aging	Community-Based Programs & Projects (3)	0.007	0.001	0.001	0.002	0.003	0.003
Aging	Medi-Cal Programs		0.005	0.005	0.006	0.007	0.007
DCDC	Community Services	0.003	0.002	0.003	0.003	0.004	0.004
DCSS	Child Support Services	0.133	0.136	0.164	0.162	0.178	0.178
DSS	IHSS	0.009	0.012	0.020	0.018	0.025	0.026
DSS	Children & Adult Services & Licensing	0.171	0.175	0.214	0.233	0.260	0.266
DSS	Special Programs	0.002	0.003	0.006	0.005	0.004	0.004
DSS	Title IV-E Waiver (5)						
	Subtotal, Social Services	0.333	0.340	0.420	0.436	0.491	0.498
Funding							
	1991 Realignment						
	2011 Realignment (8)						
DHCD	California Housing Finance Agency	0.000	0.000	0.000	0.000	0.000	0.000
	Subtotal, Funding	0.000	0.000	0.000	0.000	0.000	0.000
	TOTAL, STATE COSTS	1.410	1.129	2.255	2.255	2.628	2.648
Federal Benefit Payments							
	Federal SSI Payments (9), (7)						
	Federal SNAP Benefits (11), (7)						
	Federal EITC (17)						
	Child & Additional Child Credits (17)						
	ACA APTC (21)						
	HUD Rental Assistance (19)						
	State/Federal Low Income Housing Credit (18)						
	TOTAL, FEDERAL BENEFIT PAYMENTS	0.000	0.000	0.000	0.000	0.000	0.000
Counties							
	General Relief (15)						
	County Cost Share, Social Services (16)						
	TOTAL, INCLUDED COUNTY COSTS (20)	7.818	8.350	9.892	9.900	9.900	9.900
	GRAND TOTAL	9.228	9.479	12.147	12.155	12.528	12.548

Notes to Tables 26-30

All data from state budget documents unless otherwise noted.

Other State Funds includes Special Funds and Reimbursements (which may include Federal Funds as with IHSS)

- (1) Includes Foster Care Program, Adoption Assistance Program, Refugee Assistance Programs, CalFresh, Emergency Food Assistance Program, and Commodity Supplemental Food Program.
- (2) Includes non Medi-Cal community mental health and substance use services previously under Department of Public Health. Amounts for 2007-08 and 2011-12 are estimated as the 2012-13 levels.
- (3) 2007-08 amount includes Medi-Cal Programs.
- (4) 2007-08 includes Recipient Supplementary Payment
- (5) Foster care pilot program
- (6) Primarily WIC
- (7) Administrative costs not available
- (8) Social & welfare program cost only; does not include criminal justice programs
- (9) 2018-19 amount not yet available; estimated at 2017-18 level
- (10) Estimated from budget appropriation and revenue reduction estimates
- (11) USDA; 2018-19 amount not yet available; 2017-19 from first 5 months of 2017 data, annualized
- (12) CPUC D 16-11-022; FY estimates based on CY data; CARE and administrative costs estimated based on years shown
- (13) Based on 2017 estimate (see text); administrative costs not available
- (14) Supplemental, Concentration & Add-Ons Funding; funds shown as coming from GF as the marginal source, but may be from mix of GF and local property taxes
- (15) From State Controller county financial reports, adjusted to include San Francisco; amounts for 2016-19 estimated at the 2015-16 level
- (16) From CDSS, Local Assistance Reports; covers only programs under CDSS and does not include County match for the other listed programs
- (17) IRS SOI Tax Stats; 2016-19 estimates from 2015-16 data
- (18) From California Tax Credit Allocation Committee; FY estimates based on CY data; 2018-19 estimate based on 50% reduction in federal portion
- (19) HUD data; does not include Public Housing; FY estimates based on CY data; 2017-19 estimates from 2017 data
- (20) Covers only the county costs for the entries shown and not all applicable program costs; administrative costs available for Welfare and Social Services only and does not cover all Public Assistance programs; administrative costs adjusted to include San Francisco
- (21) Estimated from quarterly Active Member Profiles, Covered California

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CALIFORNIA CENTER FOR
JOBS & THE ECONOMY



Jobs, Poverty & Upward Mobility

Data Report

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California Business Roundtable*

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The James Irvine Foundation*



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Summary

Scope and Structure of this Report

Under a grant from The James Irvine Foundation, California Business Roundtable (CBRT) has convened a collaborative process among a broad range of stakeholder groups to address the issues affecting poverty, jobs, and upward mobility in California. This report provides background data to serve as a base for those discussions, including:

- Demographic Data providing basic population information on those in poverty, the working poor, and the income levels providing the ladder for upward mobility.
- Jobs Data describing California’s changing jobs structure by industry, wages, and hours worked.
- Employment Data detailing the changing structure of the state’s labor force.
- Cost of Living Data to address one of the most frequent issues raised in the project’s focus groups—the effect of constantly increasing living costs on their opportunities to move ahead—including comparative costs on housing, commuting, energy, and other cost-of-living factors.

Within these categories, the report presents a series of factors that fall within three general categories:

- Technical Factors, primarily consisting of the different poverty measures and how these vary for California and its regions as an appropriate benchmark for defining poverty, the working poor, and middle and upper income groupings. Where applicable, data contained in this report is presented by income group defined by the ratio of income to poverty (official poverty threshold): 1-99% of poverty, 100-199%, 200-299%, 300-399%, 400-499%, and 500% and over.
- Individual Factors describing the populations within each of the income groups.
- Structural Factors identifying shifts in California’s economy affecting the significance of the individual factors in the changing distribution across the income groups.

Higher Cost of Living Determines California’s Effective Poverty Rates

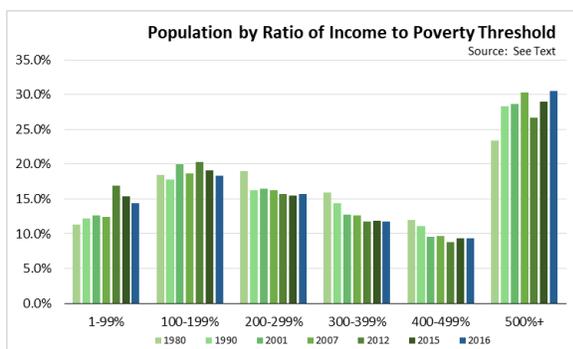
As measured by the official poverty measure (OPM), California’s poverty rate has differed from the US average but not by overly large margins in recent years. From 1995 to 2003, the California rate averaged 1.9 percentage points above the US rate, dropping to 0.2 percentage points below from 2005 to 2009. During the recent recovery period from 2010 to 2016, California’s rate was 0.8 percentage points higher on average.

The OPM measure, however, is a national average and does not take into account California’s broader social safety network and much higher costs of living. Adjusting for noncash assistance payments and differences in specified expenses (primarily housing costs) under the supplemental poverty measure (SPM), California has had the highest poverty rate among the states since the SPM was introduced in 2011. In the most recent data (2014-2016), California’s SPM rate was 20.4% vs. the state’s 2016 OPM rate of 14.4% and the US SPM rate of 14.7%.

Poverty rates vary widely across the state. In 2016, the OPM varied from 9.4% in the Bay Area to 20.6% in the Central Valley. As recently as 2013, a quarter of the Central Valley’s population lived in poverty as defined by the OPM.

Costs of living also vary widely, affecting which income groups can be considered as “working poor,” “middle class,” and “upper income.” As measured by the 2015 regional price parity (RPP), costs of living vary from below the US average (100.0) in the interior regions (89.6 in Imperial County and 92.7 in Kings County), to 124.1 in San Jose-Sunnyvale-Santa Clara MSA and 122.0 in Santa Cruz-Watsonville MSA. Under the RPP, a basket of goods and services costing \$100 at the US average would cost only \$89.60 in Imperial, but \$124.10 in San Jose. The defining component, as with most other cost and income delineations, is the significantly higher housing costs in the Bay Area and coastal counties.

Middle Class Incomes Have Narrowed



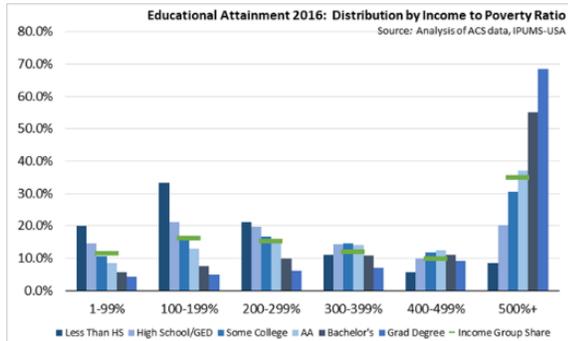
Middle income groups have steadily lost ground as the California economy has shifted away from traditional middle class income employment, and increasingly to a two-tiered pattern of jobs creation primarily at the higher and lower wage levels. Combined, the middle three income groups (200-499% of poverty income) went from 46.9% of the population in 1980 to 36.6% in 2015 and 36.8% in 2016. Movement out of the middle incomes, however, has been in both directions: the lowest

two income groups grew from 29.7% in 1980 to 34.4% in 2015 and 32.7% in 2016; the highest level—500% and more of poverty income—grew from 23.4% in 1980 to 29.0% in 2015 and 30.5% in 2016.

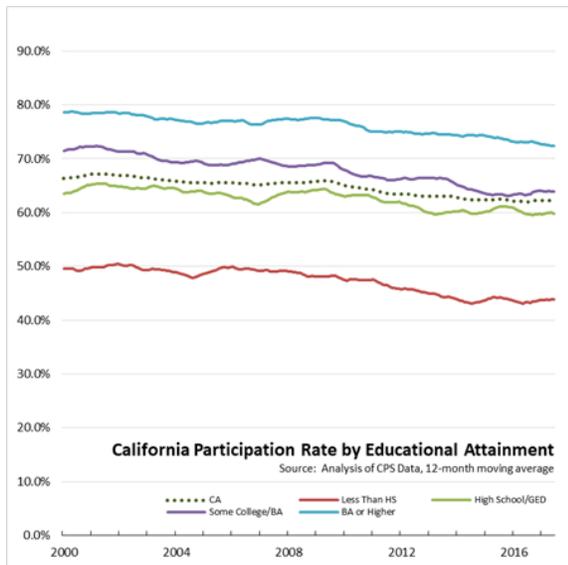
While growth in the higher incomes has positive attributes, the hollowing out of the middle has diminished space and opportunities on the upward mobility rungs for both middle and lower income aspirations. The middle income tranche has become increasingly a gap separating the

extremes rather than the path for generational economic progress, especially when taking into consideration the high and growing costs for housing, energy, commuting, and other basic costs of living. With neither the assistance available at the lower income levels nor the household resources at the highest, the middle income levels now come with growing barriers from living costs that divert available household time and income resources from savings, asset acquisition, and education, and thereby restrict the upward mobility opportunities that once defined this state.

Educational Attainment and Income



Education continues to show a strong relationship to income level. Possession of any college degree—beginning with an AA and moving up—results in the income distribution sharply shifting towards the higher income groups.



At the other extreme, California continues to have the highest share among the states of adults with less than a high school education, at 17.6% of persons age 25 and older in 2016. While in prior years, persons at this educational attainment level still had opportunities for higher wage jobs in traditional industries such as manufacturing and construction, these jobs have declined, require increasingly higher skills levels, or now face increasing regulatory barriers to entry. However, no meaningful progress on poverty and income mobility in the state can be achieved without addressing this component of the population through skills upgrading, policies more conducive to expansion of higher wage/higher hour jobs at this level, or other means. This point becomes all that more important when considering that this group also has historically low and now declining rates of labor force participation and consequently lower likelihood of being a source of earned income within their households.

Changing Jobs Structure and Income

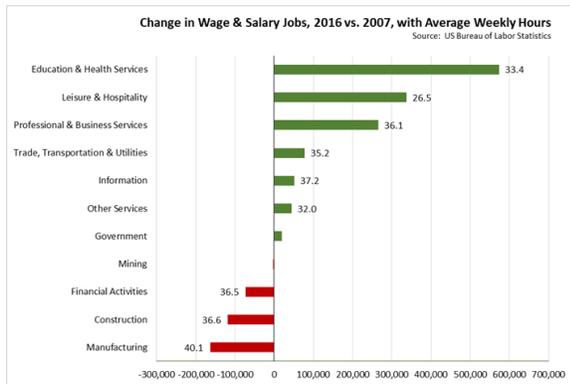
Between 2010 when the recovery began and 2016, California generated 2.2 million wage and salary jobs, producing a net increase of 1.1 million jobs compared to the pre-recession level. However, the nature and distribution of those jobs shifted notably from patterns in the past.

Combined, the Middle Class, Blue Collar and Lower Wage jobs open to lower skills/education levels went from 56.9% of the jobs mix in 2007, to 54.8% in the trough year of 2010, and going to 56.1%

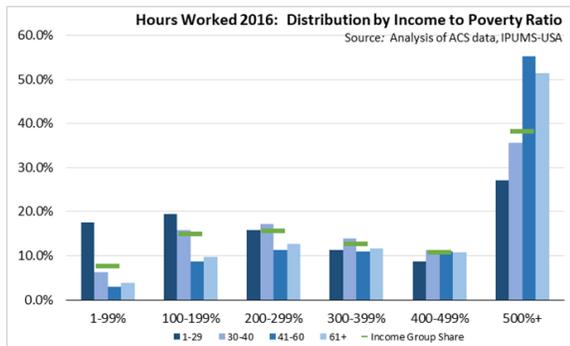
in 2016. However, the mix between these very different wage level jobs changed, with Lower Wage jobs expanding to replace the declining Middle Class, Blue Collar. As a result, while job opportunities for lower educational attainment groups have grown during the state’s recovery, they are at significantly lower wage levels. The opportunities this economic mix now provides either to avoid poverty—especially cost of living adjusted poverty—or provide a base from which to pursue upward mobility are as a consequence significantly diminished.



The nature of the jobs shift intensifies this effect. Looking at the structural shift by comparing the changes between 2007 and 2016, the jobs now available to lower skills provide significantly lower hours than the higher wage jobs they replaced in manufacturing and construction. While employment in more than one job is a potential coping response, this response is less likely at the lower incomes—41.0% of employed persons below poverty usually worked less than 30 hours a week in 2016—than in the higher incomes.



The distribution of jobs growth has also shifted. Overall, the Bay Area—with 19.4% of the population—accounted for 30.2% of the recovery jobs growth between 2010 and 2016, and nearly half (46.2%) of the net jobs growth between 2007 and 2016.



Breaking these totals out by wage and skills level, the distribution is even more skewed. Los Angeles region accounted for 47% of the net jobs loss between 2007 and 2016 for the Middle Class, Blue Collar jobs in construction and manufacturing. At the other extreme, the Bay Area secured 84% of the net jobs growth in the Higher Wage industries (Information, Management of Companies & Enterprises, and Professional, Scientific & Technical Services) and 31% of the net jobs growth in the Middle Class, White Collar industries (Arts, Entertainment & Recreation and Educational Services). While California has created jobs since the recession that can provide an option for upward mobility, their concentration within the Bay Area means that that cost barriers created by housing and commuting result in these jobs not being a viable option for most lower income families.

Potential Effects of Automation

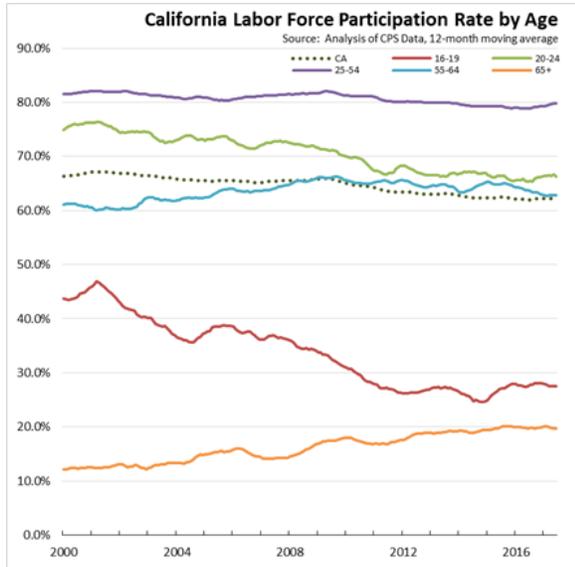
Increasing potential for technology applications, in particular artificial intelligence, has raised concerns over the number and types of jobs that will be created in the future. On one more dystopian extreme, some analysts foresee the pace of technology overwhelming the ability of the economy to adapt, and have proposed measures such as Universal Income to compensate for what they project as a lack of jobs and work and eventual creation of a permanent underclass. Others, looking at the history of technology absorption that has replaced but also created new jobs, view the current prospects—although accelerated—still capable of repeating instead the cycle of increased productivity and lower prices that historically have led to higher real incomes and creation of new job opportunities including within entirely new industries. Still others see technology adaptation as essential, enabling the developed economies to adjust to aging populations and static or declining labor forces through rapid advances in productivity.

Regardless of the net outcome, one thing is for certain—the nature of work within many occupations is likely to change as new technology is introduced. As in past cycles, these changes in turn will require workers to acquire different skill sets. Not all will require a college degree, but many will require proficiencies above what is currently provided through the K-12 and jobs training systems.

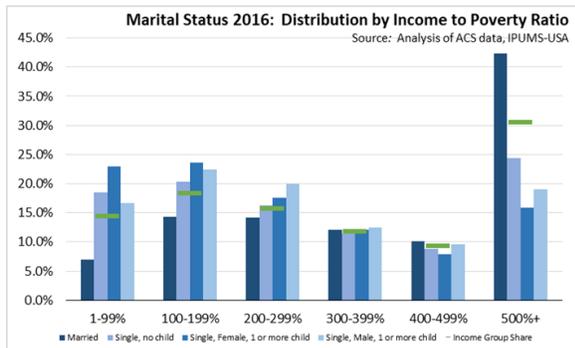
As importantly, technology will also change the nature of the employers providing these jobs, and the competitive ability of a state like California to retain and expand future jobs will shift as well. For example, the higher wage technology and information industries have concentrated in the Bay Area to an extraordinary degree, but instead of locating their expansions and ancillary operations in other regions of the state as in past economic development patterns, have instead chosen to locate in other states and other countries with the required labor force skills and more amenable living and operating costs. To a large extent, the effects of technology on jobs in California will depend on how competitive the state remains for the jobs that will emerge as the economy evolves.

Changing Labor Force and Income

California along with the rest of the US has experienced significant declines in labor force participation rates, a trend that began before but intensified with the recent recession. California's rate also dropped below the national average beginning in 2010, even though: (1) the state's population although aging is relatively younger than the US as whole and (2) California's fastest growing demographic group—Latinos—is younger still and has maintained much higher participation rates than the state overall.



While people are working longer beyond age 65, the labor force increase has not been sufficient to compensate for declines among youth (16-19) and young adults (20-24) and comparatively lower rates for age 55-64. From 2001 to 2017, total civilian population age 16 and older in California grew by 5.2 million, with 4.1 million (79%) of this amount age 55 or older. Combining reduced participation at the younger ages with marginal reductions as the working adult population has aged has produced a decline in the potential number of working members per household. And in a state where more than one income is generally needed to afford growing housing costs, having only one has increasingly become a barrier to upward movement.

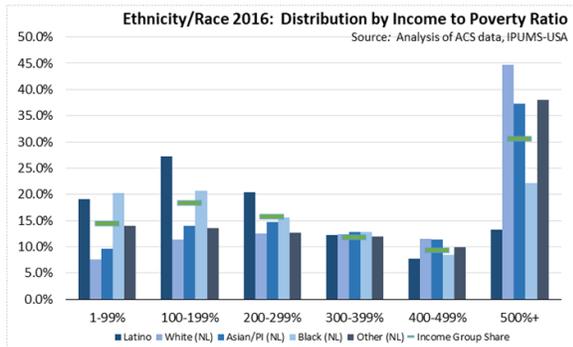


Having the potential for more than one income in a household continues to be associated with higher income levels. While the percentage of persons in families with married parents (both parents present or one not present) declined in the highest income group in the years following the recent recession, the relative share has remained stable and the percentage itself gained in 2016. Single mothers have significantly higher presence in incomes below poverty and the next higher income group, while

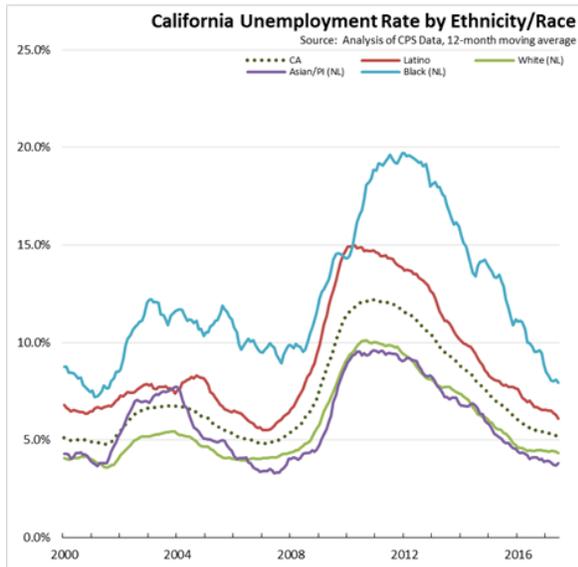
single fathers show a higher relative share in the next four income levels above. The relative share for single mothers below poverty, however, has declined from more than twice as high in the beginning years of the 2000s, to 60 percent above in 2016.

Employment also translates into more sustainable income levels. While the upper income groups experienced some degree of higher unemployment during the recession (400-499% unemployment rate at 7.2% and 500%+ at 4.4% in 2012), the brunt of the recession fell on the lowest income levels (100-199% at 15.5% and below poverty at 33.3%).

Race/Ethnicity and Income



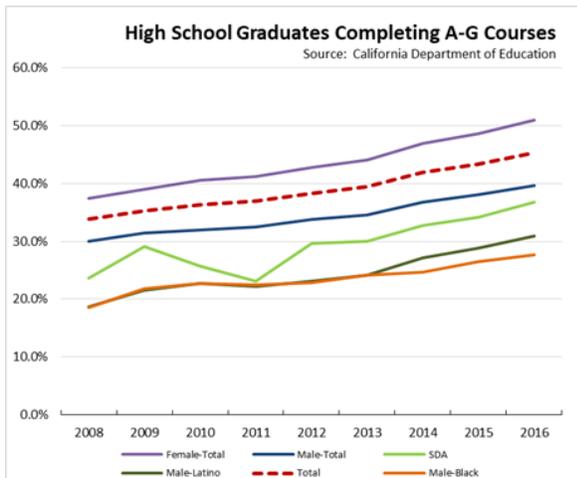
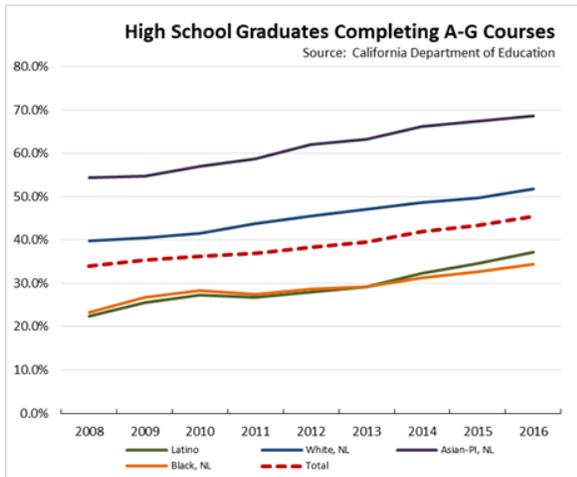
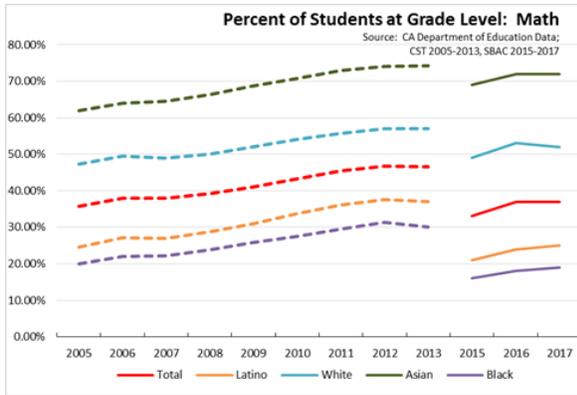
The ethnic/racial distribution for the 300-399% income group in 2016 substantially reflects the population distribution overall in California. Differences, however, exist in the higher and lower income groups. Latino and Black Californians show a higher relative share in the lower income ranges. In the highest, 500%+ income range, the relative share for non-Latino Blacks is 20% below the income range share, and for Latinos, 60% below.



On a relative share basis, the race/ethnicity distribution has been relatively stable since before the recession in 2007. The changes shown in the distribution within each income group are largely explained—with some slight differences—instead by the underlying changes in the overall population distributions as Latinos and Asian-Pacific Islanders have grown as a share of total population and the labor force, non-Latino Blacks remained essentially level, and non-Latino Whites declined.

Incomes, however, reflect the differing effects of the recession on each of these groups.

Unemployment rates for Latinos and non-Latino Blacks peaked much higher, and through 2016 still had not returned to recovery levels, in particular for Blacks. While Latinos maintained a higher labor force participation rate than the other demographics throughout this period, the non-Latino Black rate sank well below the others and began to recover only in 2016.

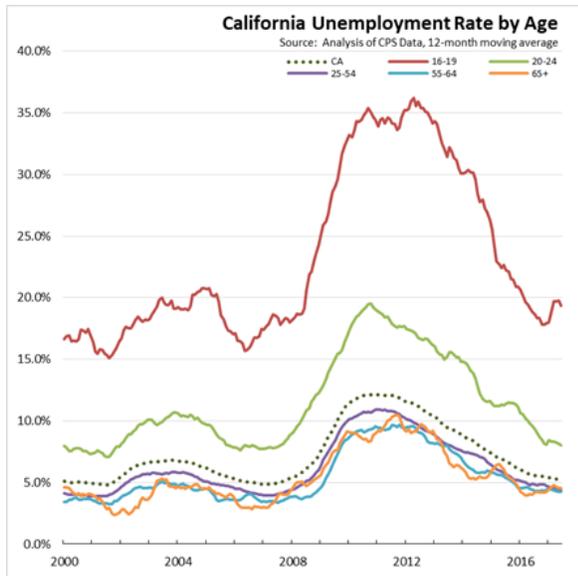


As indicated above, educational attainment remains associated with income level, but despite a 30% increase in Prop. 98 funding from 2007-08 to 2017-18 and a redirection of significant resources to focus on disadvantaged students through the Local Control Funding Formula (LCFF), significant gaps remain in educational outcomes by demographic and region. While year-to-year comparisons are difficult to make directly on test score results due to the changes the schools have made over the years, the general comparison shows a large and continuing gap in the proficiency levels reached by Latinos and Blacks especially in the Math skills critical to current jobs in Higher Wage industries and to occupations at all wage levels that are changing in the face of technology.

The effects of the schools’ performance on incomes becomes even more evident when measured by the percentage of high graduates completing the A-G courses required for application to University of California and California State University. White and Asian-PI (all race designations for non-Latinos) students are being prepared for college at levels significantly above Latino and Black students. Males, especially Latino and Black Males, show completion rates that are well below Female levels, with SDA (socioeconomically disadvantaged/low income) students as a group at only just over a third of SDA graduates in the latest, 2016 results.

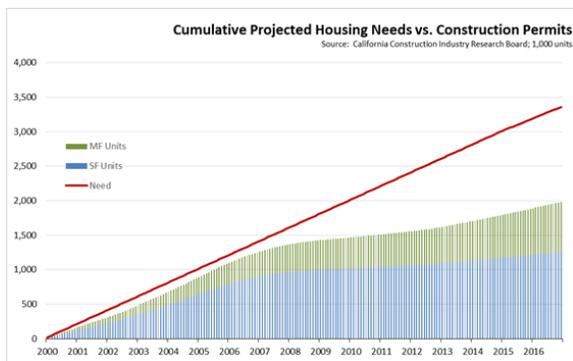
In a time of transition when required skill levels are likely to change substantially for most occupations—both the current mix and the yet-to-be-known evolving structure—California schools remain largely focused on college-track education. And in this respect, the results shown in the charts suggest that the schools no longer are functioning as the primary asset for adjusting to technological

change, but instead now come close to serving as a winnowing process that risks relegating another generation—especially Blacks, Latinos, and low-income males—to the income levels in which they are now without the skills necessary for upward mobility in a changing state.

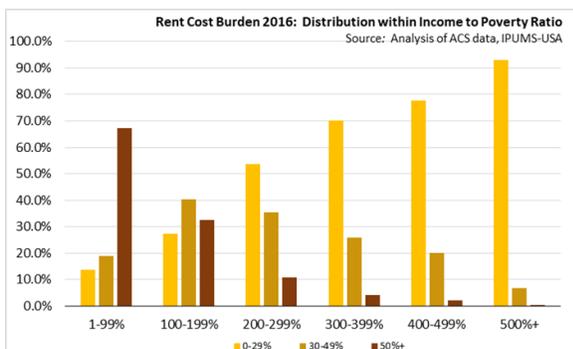


Youth employment in prior years served as an option to at least partially compensate for this situation. Most research shows long term positive effects on life-time earnings from early employment and development of both workplace skills and experience that adds significantly to future employability. Youth employment in California, however, has crashed. Unemployment remains well above all other age groups, while participation rates have sunk some 60%. Employment for age 16-19 in 2016 was less than 2/3 of the previous 2001 level. While higher income levels have relatively greater opportunities to compensate for lower youth employment opportunities through internships and similar situations, this path is not as available to all income levels.

Costs of Living



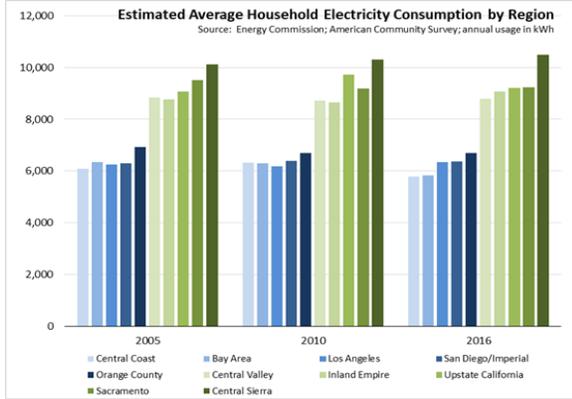
Since the 1980s, California has failed to produce sufficient new housing to keep up with the state's population growth, a shortfall that accelerated beginning in the year prior to the recent recession. Cumulative new housing under permit has failed to keep up with the required cumulative increase in new units, as taken from the Department of Housing & Community Development's state housing plans. Not even taking into account the previous deficit accumulated during the 1990s, new housing construction from 2000 to 2016 fell short of meeting supply needs by an estimated 1.4 million units.



As prices have risen in response to supply constraints, the percentage of persons considered rent cost burdened has increased not just in the lower income ranges, but the middle income groups as well. While housing tends to be treated as a low income issue, rising costs increasingly represent a barrier, by otherwise absorbing available household

income, to movement through the middle income ranks.

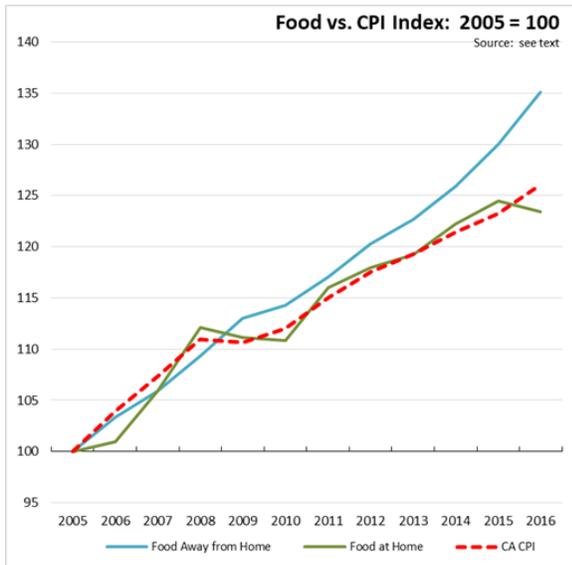
Californians have also seen rapid escalation in utility costs, the other cost component related to housing used in the cost burdened calculations. Between 2010 and 2016, US Energy Information Administration data indicates the average California utility bill rose \$150 a year, while dropping \$5 in



the rest of the US. The average, however, does not apply across all of California. While the higher income coastal regions generally benefit from the state’s mild climate through low utility bills, the lower income interior regions with more variable weather rely on electricity usage well above the state average, with estimated average household consumption as much as 81% higher in the interior regions than in the lowest consumption coastal region.

in response to the same rent and energy cost increases faced by employers, along with other higher California operating costs due to taxes and regulations. The cost of food, specifically prepared food, has grown more rapidly than the general rate of cost increases in California. Food prepared at home,

Other basic costs of living have risen as well, often in response to the same rent and energy cost increases faced by employers, along with other higher California operating costs due to taxes and regulations. The cost of food, specifically prepared food, has grown more rapidly than the general rate of cost increases in California. Food prepared at home, however, shows much slower upward cost pressure, with two deflationary periods in 2009-10 and 2016.



Introduction

Purpose

Under a grant from The James Irvine Foundation, California Business Roundtable (CBRT) has convened a collaborative process among a broad range of stakeholder groups to address the issues affecting poverty, jobs, and upward mobility in California. This multi-pronged effort incorporates the following objectives:

- To ensure both worker and employer voices are heard, understood, and addressed, conduct quantitative non-partisan research program that will study the needs, anxieties, perceptions, and goals pertaining to the workforce and quality of life issues in California.
- To develop a common dataset among all stakeholders that can eliminate the debate on the source and quality of information and allow the stakeholders to focus on solutions.
- To utilize a stakeholder process to examine the various local and state-level initiatives currently in place.
- To develop viable policy solutions to address challenges impacting poverty, jobs, and upward mobility in California.
- To conduct an educational outreach campaign based on a well thought out statewide strategy and stakeholder involvement to move forward actionable and viable policy options.

This report contributes to the second objective, by providing data on the following issues:

- Demographic Data. Basic population information on those in poverty and the working poor.
- Jobs Data. California's changing jobs structure by industry, wages, and hours worked.
- Employment Data. Changing structure of the labor force.
- Cost-of-Living Data. To address issues raised frequently in the project's focus groups, including comparative costs on housing, commuting, and other cost-of-living factors.

Data Notes

Much of the data contained in this report draws from published series maintained by various state and federal agencies. In addition, some of the analysis draws on the increasing availability of PUMS (public user microdata sample) data for the primary data surveys, in particular the American Community Survey (ACS) and Current Population Survey (CPS):

- Estimates from microdata are subject to some variance depending on the statistical program used, but the differences are small and generally below 1%. To allow for replicability, CPS estimates in this report use the DataFerrett tool provided through the US Census Bureau, and ACS estimates are from UC Berkeley's Online Data Analysis System accessible through IPUMS-USA, University of Minnesota, www.ipums.org.
- To simplify the presentations, margins of error are not included in the tables, but generally will be higher for smaller populations and smaller sample sizes. To reduce this effect, results are generally presented in comparative rather than absolute values. In the case of the smaller-sample size CPS, data is pooled into multi-period averages, generally 12-month moving averages.
- For ACS data, the use of state and regional levels in the report allows analysis from the 1-year survey results. The background data provided for counties and legislative districts on the Center's site, however, is necessarily taken from the 5-year results. To provide comparability, the Center's data series include both the 5-year results for the state and regions. These data differences should be noted when moving between the 50-state comparisons and the California comparisons.

The focus of the overall project effort is not just on the poverty population, but as well on the “working poor” and the current conditions in California that are associated with or provide barriers to upward economic mobility. To assist in this analysis, the population data is provided consistently within the following Income to Poverty Ratio groups: 1-99%, 100-199%, 200-299%, 300-399%, 400-499%, and 500% and over. While the highest income group is the largest in size, top coding in the ACS prevents further disaggregation.

Under the ACS data used to describe the population characteristics within each group, the ACS assigns persons within each category based on the ratio of total family income to the relevant poverty threshold. Each person within a family falling, for example, within the 100-199% range is then assigned within that range. Because the data is based on total family income reported for the prior year, technically the ratios apply to the prior year. However, much of the other ACS data applies to prior year or prior multi-year periods as well, and to remain consistent and conform to the general reporting practices, the data is treated as in the year it is reported. Where this factor becomes critical in the current and future analyses for the project, adjustments are made.

While this framework provides a useful way of analyzing factors associated with these standard levels of income, the concept of which range should be associated with “working poor” or “middle class” necessarily has to remain flexible. As detailed in this report, income opportunities and cost of living vary widely in the state. A 2-adult/2-child family making 300% of poverty income (about \$72,000) may have the resources to pursue a middle class lifestyle in the Central Valley (as well as

many other states), but would be hard-pressed to afford housing, childcare, quality education (either private or through higher-cost housing location, public), commuting, and other basic living costs in the Bay Area and much of Southern California.

Each table containing this Income to Poverty Ratio data presents the data in two different ways. The first set of six income columns shows the distribution within each income level—the entries add up to 100% going from top to bottom. The second set of six income columns shows the distribution of each population group across the different income levels—the entries add up to 100% going from left to right. These two ways of looking at the data are used to show how each income group has changed over time, and through shifts in population group share, some possible indications of why.

To keep consistent with the published ACS results, all data from the ACS is based on the population for whom poverty status is determined. The ACS poverty status determinations cover about 98% of total population in each of the years. Because poverty status is assessed based on family income, the primary component not included is population living in group quarters, a classification that includes college residence halls, residential treatment centers, skilled nursing facilities, group homes, military barracks, correctional facilities, and workers' dormitories. In 2016, the California group quarters population was 814,000, or 2% of the total population.

Data Series

Historical data by state and region for the elements included in this report are provided in the accompanying spreadsheet, which allows comparison of the same area between two time periods or of two different areas for the same time period. In addition, as indicated above, specific indicators also have been incorporated into the Center's current web site upgrade and displayed, as appropriate for comparative purposes, for the other states, counties, and the Assembly, Senate, and Congressional Districts.

To keep consistent with the most recently available ACS data from 2016, most of the analysis is done through this year. Most of the non-ACS data series, however, are included on the Center's web site update, and contain more recent data through the most current available.

Definitions of Poverty

The concept of income-based poverty levels was first developed as federal anti-programs expanded in the early 1960s. The initial levels were based on the 1961 "economy food plan" developed by the US Department of Food & Agriculture (the lowest cost of four "nutritionally adequate" food budgets) and data showing that food expenses then consumed one-third of income. The current poverty measures are based on that initial estimate from the Social Security Administration, with revisions in 1969 and 1980 and with annual updates for inflation using the CPI-U.¹

"Poverty income" has two different meanings for federal agency purposes:

¹ Consumer Price Index, All Urban Consumers. Prior to 1969 revision, indexed by change in per capita cost of foods in the economy food plan.

- The most widely used figure, Poverty Thresholds, is calculated for statistical purposes by the US Census Bureau and varies by family size, number of children, and age of householder. Adjustment for inflation is done through a detailed calculation that breaks these factors into 48 thresholds (see columns 3-11 in Table 2). This Official Poverty Measure (OPM) is used to determine the number of people living in poverty for statistical reports. Every member of a family is considered in poverty if the before-tax cash income is less than the dollar value of their threshold. People not living in families are counted based on their thresholds. The annual Poverty Threshold is the same for all parts of the US. Poverty Threshold is the main delineation point used in this report.
- Poverty Guidelines are calculated for program purposes and eligibility determinations by the US Department of Health and Human Services. The guidelines vary by family size and are updated annually by applying the CPI-U to the weighted average Poverty Thresholds (see second column in Table 2). Three different sets are published: the 48 contiguous states, Hawaii, and Alaska.

Beginning in 2011, US Census Bureau and Bureau of Labor Statistics published the Supplemental Poverty Measure, which adjusts the Poverty Threshold for specified noncash assistance payments and for regional differences in specified expenses, primarily housing. This measure is published as an annual average for the US and (except for 2014) as a moving 3-year average for the states. This measure is still considered “experimental” and has not yet been incorporated into the official data surveys and reports.

Under the Supplemental Poverty Measure (SPM), the OPM Threshold (cash income) is adjusted as follows:

- Reductions for receipts from cash assistance and noncash benefits from Social Security, refundable tax credits (EITC, child credits), food stamps (SNAP), Supplemental Social Security, housing subsidies, child support received, school lunch, Temporary Aid for Needy Families (TANF)/general assistance, unemployment insurance, Low Income Home Energy Assistance Program (LIHEAP), workers’ compensation, and Women, Infants & Children (WIC).
- Additions for payments for medical out-of-pocket payments (MOOP), work expenses (e.g., commuting, uniforms, tools), employment taxes (FICA), income tax, and child support paid.
- Adjustments for regional cost differences are made from an index calculated from regional median rents compared to the national level.

Because the core data for the SPM draws from the March Annual Social and Economic Supplement to the Current Population Survey, state estimates for the SPM are drawn from 3-year averages in order to ensure statistical validity.

Table 1 compares the 2016 OPM threshold to the SPM thresholds for a household with 2 adults and 2 children.

Table 2 compares, by household size, the 2016 Poverty Threshold to the California SPM (renters) for both the metropolitan portion (MSAs) and the non-metropolitan areas. Separate calculations not shown in the table cover homeowners with a mortgage and homeowners without a mortgage.

Table 3 illustrates the wide regional variations in poverty levels stemming from housing costs, through the 2015 SPM thresholds by MSA for a household with 2 adults and 2 children. These levels range from \$20,251 for a homeowner without a mortgage in Merced, to \$36,570 in San Jose-Sunnyvale-Santa Clara for homeowners with a mortgage, the highest threshold in the nation.

In addition to the federal efforts, development of comparable measures incorporating regional cost of living differences has been undertaken by research institutes in a number of states. Stanford Center on Poverty and Inequality in cooperation with Public Policy Institute of California developed a California Poverty Measure (Bohn 2013) for the state and counties. In general, this measure shows relatively higher poverty rates than those from the OPM, and somewhat lower than the SPM. Updates are infrequent, although the 2015 estimates have just been released.

Poverty Rates

The resulting poverty rates for California under the three measures are shown in Table 4, with the official poverty rates for the regions in Table 5. As indicated previously, comparable rates from the 5-year ACS data for all geographic levels in California are accessible through the Center’s web site.

As shown in Table 4, California’s official poverty (OPM) rate had its recent peak at 17.0% in 2012, reaching levels previously seen during the earlier 1990s recession. In 2016 not counting the District of Columbia, the state’s OPM rate was the 20th highest among the states. Ranked by SPM, however, California has had the highest rate among the states since this indicator was introduced in 2011.

Poverty levels also vary widely across the state. As shown in Table 5, OPM rates remain elevated in Central Valley and the rural counties of Upstate California/Central Sierra, and along with Inland Empire indicate continued slow recovery from the Great Recession. Other regions of the state exhibit rates close to the national average, while Bay Area and Orange County show significantly lower rates. Cost-of-living adjusted rates, however, would show significantly higher poverty, especially with the continuing rapid increases in housing costs.

Drawing from the trends shown in Table 4, the data tables in the following sections of this report generally will show results for the following years: 2007 as the year with the recent lowest poverty rate, 2012 as the peak poverty year following the recession, and 2016 as the most recent year for which complete data is available.

Table 1: US OPM & SPM Thresholds, Two Adults & Two Children

OPM Threshold	SPM Thresholds		
	Owners with mortgages	Owners without mortgages	Renters

2005	\$19,086	\$21,064	\$17,643	\$20,641
2006	\$20,444	\$22,010	\$18,301	\$21,278
2007	\$21,027	\$22,772	\$19,206	\$22,418
2008	\$21,834	\$24,259	\$20,386	\$23,472
2009	\$21,756	\$24,450	\$20,298	\$23,874
2010	\$22,113	\$25,018	\$20,590	\$24,391
2011	\$22,811	\$25,703	\$21,175	\$25,222
2012	\$23,283	\$25,784	\$21,400	\$25,105
2013	\$23,624	\$25,639	\$21,397	\$25,144
2014	\$24,008	\$25,844	\$21,380	\$25,460
2015	\$24,036	\$25,930	\$21,806	\$25,583
2016	\$24,339	\$26,336	\$22,298	\$26,104

Source: US Census Bureau

Table 2: OPM & SPM Thresholds, California Renters, by Household Size, 2016

Size of Family Unit	Weighted Average	Related Children Under 18 Years								
		None	One	Two	Three	Four	Five	Six	Seven	Eight
OPM Poverty Threshold - US										
1 person	\$12,228									
Under 65	\$12,486	\$12,486								
65 +	\$11,511	\$11,511								
2 people	\$15,569									
Householder under 65	\$16,151	\$16,072	\$16,543							
Householder 65 +	\$14,522	\$14,507	\$16,480							
3 people	\$19,105	\$18,774	\$19,318	\$19,337						
4 people	\$24,563	\$24,755	\$25,160	\$24,339	\$24,424					
5 people	\$29,111	\$29,854	\$30,288	\$29,360	\$28,643	\$28,205				
6 people	\$32,928	\$34,337	\$34,473	\$33,763	\$33,082	\$32,070	\$31,470			
7 people	\$37,458	\$39,509	\$39,756	\$38,905	\$38,313	\$37,208	\$35,920	\$34,507		
8 people	\$41,781	\$44,188	\$44,578	\$43,776	\$43,072	\$42,075	\$40,809	\$39,491	\$39,156	
9 people +	\$49,721	\$53,155	\$53,413	\$52,702	\$52,106	\$51,127	\$49,779	\$48,561	\$48,259	\$46,400
SPM - CA Metro Renters										
Under 65		\$11,540								
65 +		\$11,540								
2 people										
Householder under 65		\$16,272	\$17,414							
Householder 65 +		\$16,272	\$17,414							
2 or more Adults										
3 people		\$24,900	\$21,917							
4 people		\$30,455	\$27,737	\$24,900						
5 people		\$35,604	\$33,072	\$30,455	\$27,737					
6 people		\$40,450	\$38,060	\$35,604	\$33,072	\$30,455				
7 people		\$45,059	\$42,781	\$40,450	\$38,060	\$35,604	\$33,072			
8 people		\$49,474	\$47,289	\$45,059	\$42,781	\$40,450	\$38,060	\$35,604		
1 Adult with Children										
Single Parent			\$17,414	\$20,674	\$23,726	\$26,618	\$29,381	\$32,036	\$34,601	\$37,086
SPM - CA Non-Metro Renters										

Under 65	\$11,972								
65 +	\$11,972								
2 people									
Householder under 65	\$16,881	\$18,066							
Householder 65 +	\$16,881	\$18,066							
2 or more Adults									
3 people	\$25,832	\$22,737							
4 people	\$31,595	\$28,775	\$25,832						
5 people	\$36,936	\$34,310	\$31,595	\$28,775					
6 people	\$41,964	\$39,485	\$36,936	\$34,310	\$31,595				
7 people	\$46,746	\$44,383	\$41,964	\$39,485	\$36,936	\$34,310			
8 people	\$51,326	\$49,059	\$46,746	\$44,383	\$41,964	\$39,485	\$36,936		
1 Adult with Children									
Single Parent		\$18,066	\$21,448	\$24,614	\$27,614	\$30,480	\$33,235	\$35,896	\$38,474

Source: US Census Bureau

Table 3: SPR Threshold by MSA, Two Adults & Two Children, 2016

	Owner w/ Mortgage	Owner w/o Mortgage	Renter
US	\$26,336	\$22,298	\$26,104
California Metro	\$25,109	\$21,447	\$24,900
California Non-Metro	\$26,058	\$22,106	\$25,832
Bakersfield MSA	\$24,934	\$21,326	\$24,728
Chico MSA	\$26,058	\$22,106	\$25,832
Fresno MSA	\$25,386	\$21,640	\$25,172
Hanford-Corcoran MSA	\$24,554	\$21,063	\$24,355
Los Angeles-Long Beach-Anaheim MSA	\$33,523	\$27,280	\$33,157
Modesto MSA	\$26,336	\$22,298	\$26,104
Oxnard-Thousand Oaks-Ventura MSA	\$34,371	\$27,868	\$33,988
Redding MSA	\$25,664	\$21,832	\$25,445
Riverside-San Bernardino-Ontario MSA	\$28,410	\$23,736	\$28,140
Sacramento--Roseville--Arden-Arcade MSA	\$27,885	\$23,371	\$27,624
Salinas MSA	\$30,762	\$25,366	\$30,448
San Diego-Carlsbad MSA	\$32,837	\$26,804	\$32,483
San Francisco-Oakland-Hayward MSA	\$35,905	\$28,931	\$35,494
San Jose-Sunnyvale-Santa Clara MSA	\$37,848	\$30,278	\$37,400
San Luis Obispo-Paso Robles-Arroyo Grande MSA	\$30,689	\$25,316	\$30,376
Santa Cruz-Watsonville MSA	\$35,437	\$28,607	\$35,035
Santa Maria-Santa Barbara MSA	\$33,421	\$27,209	\$33,057
Santa Rosa MSA	\$32,325	\$26,450	\$31,982
Stockton-Lodi MSA	\$26,730	\$22,571	\$26,491
Vallejo-Fairfield MSA	\$29,930	\$24,789	\$29,631
Visalia-Porterville MSA	\$24,262	\$20,860	\$24,068

Source: US Census Bureau

Table 4: Comparison of Poverty Rate Measures, California & US

	California			US	
	OPM	SPM	CPM	OPM	SPM
1995	16.5%			13.8%	14.2%
1996	16.7%			13.7%	14.3%
1997	16.0%			13.3%	13.8%
1998	14.9%			12.7%	13.1%
1999	13.7%			11.9%	12.6%
2000	12.7%			11.3%	12.6%
2001	12.9%			11.7%	13.3%
2002	13.3%			12.1%	13.8%
2003	13.7%			12.5%	14.2%
2004	13.2%			12.7%	13.9%
2005	13.3%			13.3%	13.9%
2006	13.1%			13.3%	13.8%
2007	12.4%			13.0%	14.3%
2008	13.3%			13.2%	14.7%
2009	14.2%			14.3%	15.1%
2010	15.8%			15.3%	15.9%
2011	16.6%	23.5%	21.5%	15.9%	16.1%
2012	17.0%	23.8%	21.2%	15.9%	16.0%
2013	16.8%	23.4%	21.0%	15.8%	15.8%
2014	16.4%		20.6%	15.5%	15.3%
2015	15.4%	20.6%	19.5%	14.7%	15.1%
2016	14.4%	20.4%		13.7%	14.7%

Source: US Census Bureau, *Small Area Income & Poverty Estimates (SAIPE)*;
Public Policy Institute of California & Stanford Center on Poverty & Inequality.
Notes: California SPM is 3-year average; US SPM prior to 2009 is from Fox (2013), as reported on
Stanford Center's [Poverty & Inequality Trend Data](#).

Table 5: OPM Poverty Rate, Regions

Year	Bay Area	Central Coast	Central Valley	Inland Empire	Los Angeles	Orange County	Sacramento	San Diego/Imperial	Upstate California/Central Sierra
2005	9.4%	13.8%	18.8%	13.2%	15.7%	8.8%	11.7%	11.5%	15.3%
2006	9.7%	11.8%	18.9%	13.0%	14.9%	9.7%	10.9%	12.0%	15.4%
2007	9.0%	11.2%	17.7%	11.8%	14.1%	8.9%	11.1%	11.6%	14.9%
2008	8.9%	12.6%	19.5%	13.5%	14.7%	9.9%	11.9%	13.1%	17.1%
2009	9.6%	15.4%	20.3%	15.4%	15.6%	10.7%	13.2%	13.1%	16.3%
2010	11.1%	15.7%	22.5%	17.1%	17.0%	12.2%	14.9%	15.2%	18.2%
2011	11.7%	16.1%	23.8%	18.0%	17.7%	12.9%	16.0%	15.7%	19.2%
2012	11.7%	15.7%	24.2%	19.0%	18.4%	12.9%	16.7%	15.4%	19.6%
2013	11.3%	16.3%	24.6%	18.2%	18.3%	13.5%	16.5%	15.6%	19.2%
2014	10.3%	16.4%	24.3%	18.7%	18.1%	12.8%	16.2%	15.1%	17.9%
2015	10.1%	15.4%	22.7%	17.5%	16.1%	12.7%	15.0%	14.4%	18.8%
2016	9.4%	12.3%	20.6%	16.4%	15.7%	11.0%	14.4%	12.9%	18.9%

Source: US Census Bureau, ACS
Note: San Benito County included in Upstate California/Central Sierra

Demographics

Introduction

For each indicator shown below, the structure of the data comes first from a designation by income group. The ratio of income to poverty is determined based on family income and the relevant poverty threshold, with the ratio for unrelated individuals determined based on their relevant threshold. Attributes in each of the indicators are then aggregated from all family members and persons within each income group. For example, a family earning 300-399% of poverty income may have a member with a high school degree and another with a graduate degree. Both persons are statistically assigned to this same income group even though individually they may have different or no annual income. This same factor applies to the subsequent sections as well where the income groups are used. Additional details on each of the indicators is provided in the Data Dictionary.

Changes in the distributions between the years considered are affected by two factors: changes in the underlying poverty income distribution as the population has shifted from middle to the higher and lower income groups, and changes within each population group distribution of socioeconomic characteristics as the state’s age, ethnic, employment, and other structures have shifted over time.

To identify where demographic/economic factors have shifted more to one income group or another, a simplified measure of relative share is used, calculated as the demographic/economic factor share by income divided by the total population share by income (both factors from the second set of income group columns in the tables). For example, the relative share for Latinos below poverty is calculated as follows from the data in Table 10:

Year	(1) Population Share of 1-99% Income Group	(2) Share of Latinos in the 1-99% Income Group	(3) Relative Share = (2)/(1)
2007	12.4%	17.8%	1.4
2016	14.4%	19.0%	1.3

The decline in the relative share indicates that while both poverty and share of Latinos in poverty increased relative to 2007, the change in Latino share (6.7% change) was lower than the change in total poverty share (18.0%) meaning Latinos performed relatively somewhat better in this time period on this measure. These calculations are found in the Attachment 2 tables. These relative shares can be used to determine: (1) where a demographic/economic factor is relatively more present (>1) or less (<1) within an income group, and (2) where a sizeable change has occurred based on comparing relevant relative share in each of the three years. Rounded to the first decimal, these calculations indicate where the changes over time are more likely to be statistically significant.

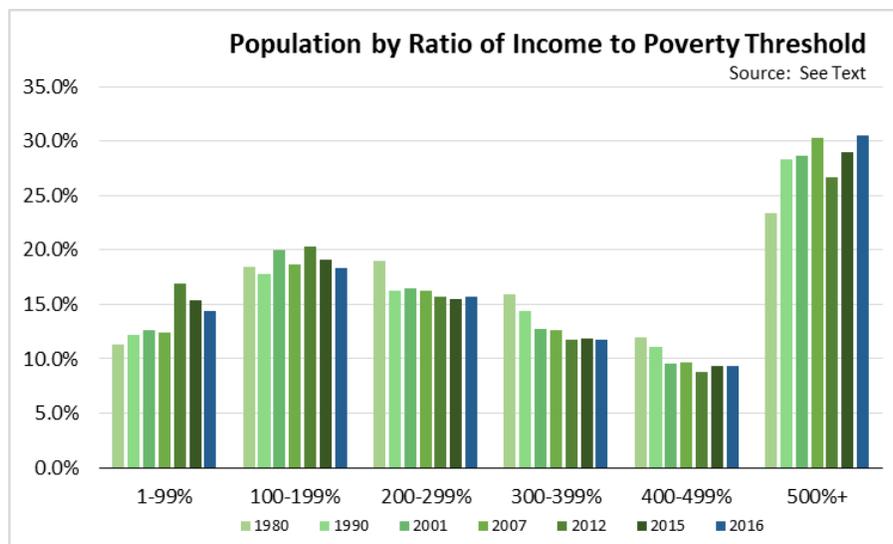
Population—Decline of Middle Class Incomes

The overall shift in California’s income structure is illustrated in the following chart showing the total distribution among the income groups. Data was developed from the ACS microdata along with the comparable microdata from the 1980 and 1990 Census available on the IPUMS.org site.

As indicated, the middle income groups have steadily lost ground as the California economy has shifted away from traditional middle class income employment, and increasingly to a two-tiered pattern of jobs creation primarily at the higher and lower wage levels. Combined, the middle three income groups (200-499% of poverty income) went from 46.9% of the population in 1980 to 36.6% in 2015 and 36.8% in 2016.

Movement out of the middle incomes, however, has been in both directions. Combined, the lowest two income groups grew from 29.7% in 1980 to 34.4% in 2015 and 32.7% in 2016. The highest level—500% and more of poverty income—similarly grew from 23.4% in 1980 to 29.0% in 2015 and 30.5% in 2016.

While growth in the higher incomes has positive attributes, the hollowing out of the middle has diminished space and opportunities on the upward mobility rungs for both middle and lower income aspirations. The middle income tranche has become increasingly a gap separating the extremes rather than the path for generational economic progress.

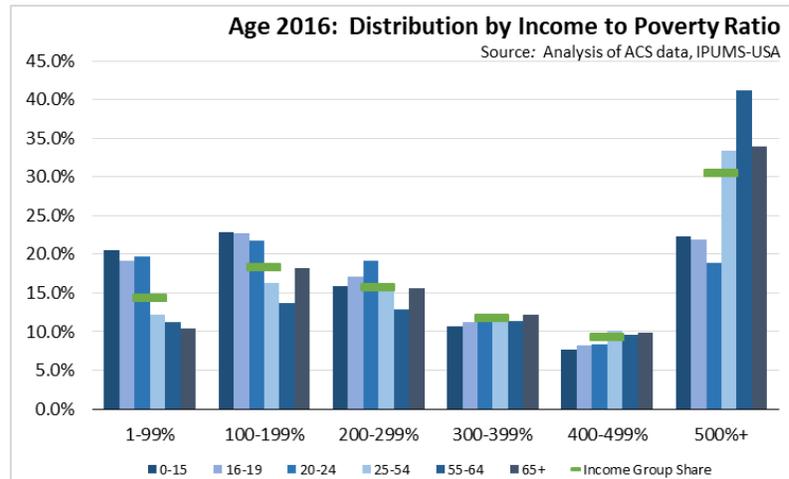


Age

As shown in the first Total column of Table 6, California since the Great Recession has seen major changes in its age structure. Children (0-15) dropped from 22.9% to 20.7% of total population, while seniors (65+) grew from 10.8% to 13.6%. The other three cohorts, especially working-age adults (25-64), show somewhat lower shifts. These changes represent an ongoing trend rather than being the result of lower childbearing rates due to the recession.

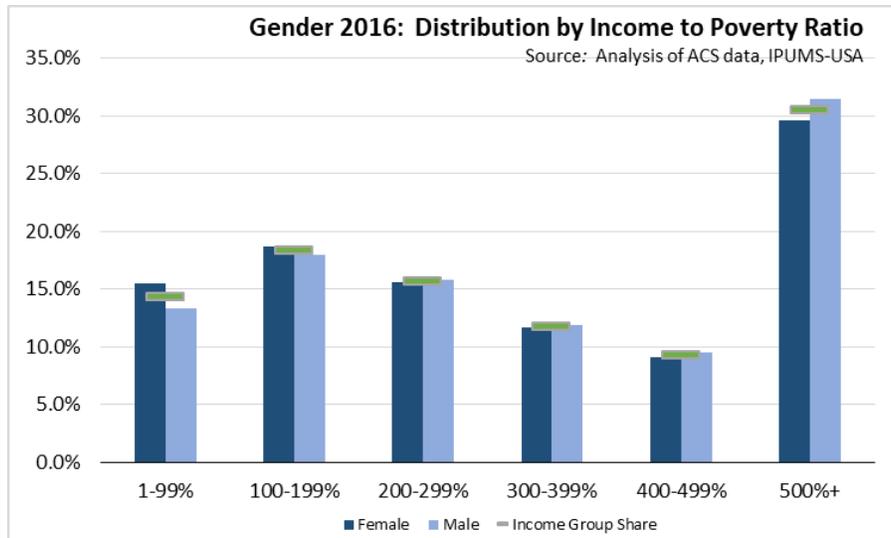
Comparing the relative shares of each population group (second set of income columns in Table 6):

- The lowest two income groups are relatively younger. Containing 32.7% combined of the total population, these two groups cover 43.4% of children, 41.7% of youth, and 41.5% of young adults in 2015. Prime working age adults account for only 28.4%, and seniors 28.6%. This distribution has become more skewed towards the younger ages since 2007.



- The next two income groups come closer to reflecting the total population distribution in 2016, with the exception of 200-299% having relatively higher youth and young adults and 300-399% somewhat lower.
- The two highest (400-499% and 500%+) income groups are relatively older, with a relatively higher share of prime working adults (43.6%) and seniors (43.7%) Young adults entering the workforce, as expected, have a significantly lower share at 27.2%.

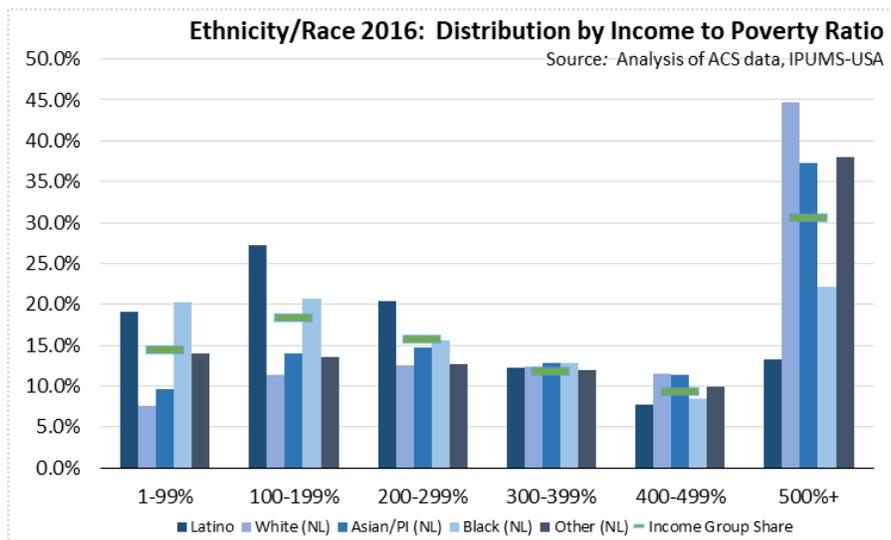
Gender



From Table 8, the major differences are in the following categories:

- Persons below poverty contain a significantly greater share of females, reflecting the greater incidence of single mothers with children. The difference continued in 2012 even as more males dropped below poverty. The relative shares by gender show no major differences in all other income groups. The differences narrow in the middle four income groups, and while widening in the highest income group do not show as large a difference as in the lowest.

Ethnicity/Race



From Table 8, the major differences are in the following categories:

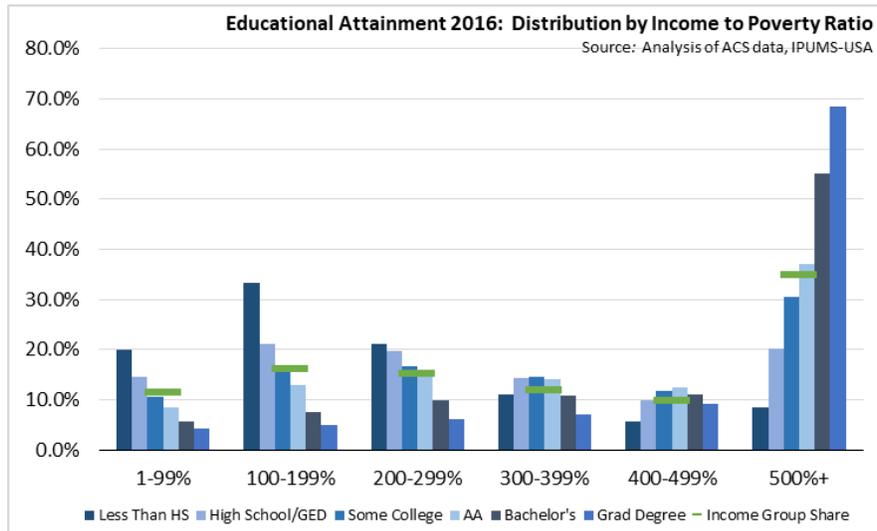
- Latinos and Non-Latino Asian-Pacific Islanders grew both in absolute and relative terms during this period, going from 36.3% and 12.6%, respectively, in 2007 to 39.0% and 14.4% in 2016. Non-Latino Whites decreased both in total numbers and relative share from 42.4% in 2007 to 37.5% in 2016. Non-Latino Blacks remained essentially stable in total numbers, while dropping slightly from 5.8% to 5.5% in population share.
- The ethnic/racial distribution for the 300-399% income group in 2016 substantially reflects the population distribution. Differences arise in the higher and lower income groups.
- Compared to the population share for each income group, Latinos constitute a relatively higher share in each of the three lowest income groups in 2016, with the highest disparity in the 100-199% group.
- Non-Latino Blacks have the highest disparity relative to population share in the 1-99% income group, at 50% higher than the income group population share), but track close to the total for the next three higher income groups. Their relative share is 20% below the total 500%+ income group, while the relative share in this category for Latinos is 60% below.
- Non-Latino Whites and Asian-Pacific Islanders show relatively lower population shares in three lowest income groups, while having higher shares beginning in the 400-499% level. Their relative shares in the highest income group are 50% and 30% higher, respectively.
- On a relative share basis, the population group distribution is relatively stable in all three years. The changes shown in the distribution within each income group (first set of income group columns) are largely explained—with some slight differences—instead by the underlying changes in the overall population distributions. The main differences are that comparing 2007 and 2016: Non-Latino Whites show an increase in their relative share of the 1-99% income group; Latinos gained in relative share at the 300-399% income level and improved at the 1-299% levels, moving more to the middle but not the highest incomes; Non-Latino Asian-Pacific Islanders gained in the highest income but dropped in the 200-299% and 400-499% middle incomes; and Non-Latino Blacks saw higher relative share at 400-499% while improving at the two lowest levels.

Educational Attainment

One of the key factors affecting California's persistently high poverty rates and upward mobility opportunities is the extreme spread in educational attainment among the working age adult population, persons age 25 and up.

In 2005, the published ACS 1-year state level estimates show California had the 4th highest (all states and DC) percentage of persons with less than a high school diploma, going to the highest in 2013-2015 and in the latest data for 2016 at 17.6% of adults age 25 and older. California had the next to lowest percentage with a high school diploma or GED in all years 2005-2016. Combined,

California in 2016 had 38.0% of its working age population with a high school diploma or less (vs. 41.7% in 2005), the 29th highest.



While in prior years this education level still had substantial upward mobility opportunities through higher paying blue collar industries such as construction, manufacturing, transportation, and warehousing, these avenues are now reduced as discussed in the subsequent sections. While the state's current education, regulatory, and tax policies focus on creating higher paying opportunities requiring a college degree, this approach bypasses nearly 40% of the potential labor force lacking any portion of these credentials. Significant improvements in the state's current income picture cannot be accomplished without addressing the circumstances of this population, whether through policies to foster higher paying employment opportunities commensurate with these skill levels, more effective retraining programs or technical education opportunities, efforts to reduce living costs more in tune with the existing employment wage mix, or universal income proposals that assume persons at this skill level have no employment future.

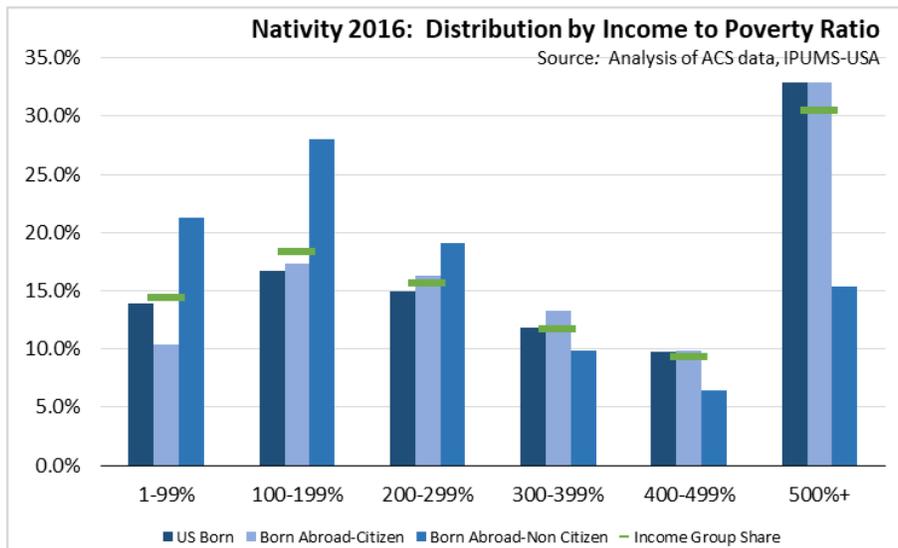
At the other end of the spectrum, California has a high percentage of adults with college degrees. The most recent published 2016 ACS 1-year estimates place California a 32.9% with a BA, graduate, or professional degree, the 15th highest among the states and DC, up from 29.5% (13th highest) in 2005.

The interactions between educational attainment and income level is explored in Table 9. The major differences among the categories are:

- In 2016, 54.0% of persons age 25 and above with less than a high school education fell within the lowest two income groups, or nearly twice as large as the relative total share for these income groups. This share is improved from 60.8% in 2012, but is still somewhat above the 53.3% level in 2007 when more, better paying job opportunities were available at this skill level. This group still shows a relatively higher share of the 200-299% income group, before dropping off sharply in the three highest income groups.

- Acquisition of a degree is associated significantly with the higher income groups. Beginning with the group holding an AA degree, the income distribution is shifted sharply towards the higher income groups.
- The 300-499% income groups show relatively greater shares for High School Degree, Some College, and AA, indicating that opportunities still remain to make higher incomes with less than a BA or higher degree. These income groups, however, comprise just over a fifth of the total population.

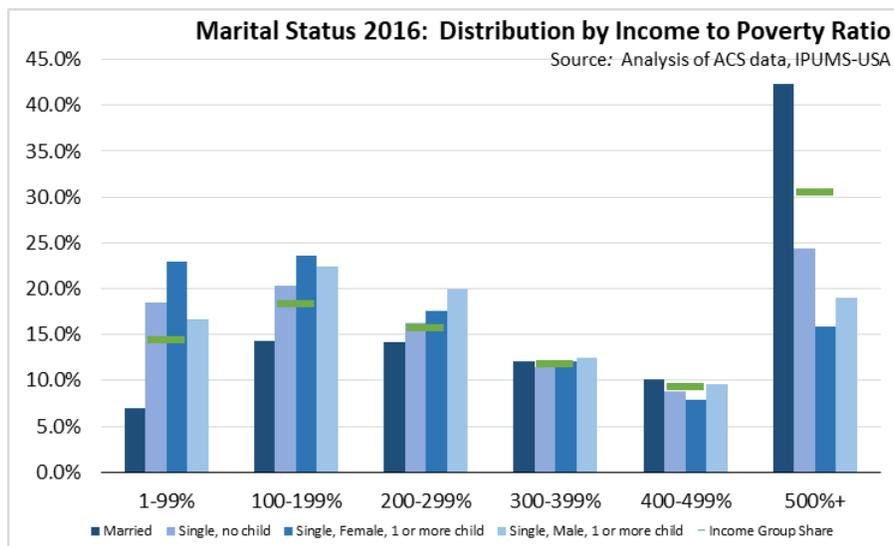
Nativity



From Table 10:

- US born citizens generally follow the overall income group distribution, but with somewhat higher relative share in the 500%+ income level.
- Naturalized citizens tend to be more represented in the 4 highest income groups, with a lower relative share in incomes below poverty.
- Noncitizens show a much higher relative share in the 3 lowest income groups.

Marital Status



From Table 11:

- Having the potential for more than one income in a household continues to be associated with higher income levels. While the percentage of persons in families with married parents (both parents present or one not present) declined in the highest income group in the years following the recent recession, the relative share has remained stable and the percentage itself gained in 2016. The relative share has also remained essentially stable across the other income levels.
- For single persons with no children, the relative share shows little change over the years shown. This status, however, is more strongly represented in the 3 lowest income levels, and is 30 percent more present in the below poverty income group based on relative share. These results, however, reflect that this group is likely to be younger with many just entering the labor force.

- Persons in families with single parents with children show a similar pattern, but with a lower relative share in the highest income group. Single mothers have significantly higher presence in incomes below poverty and the next higher income group, while single fathers show a higher relative share in the next four income levels above. The relative share for single mothers below poverty, however, has declined from more than twice as high in the beginning years of the 2000s, to 60 percent above in 2016.

Summary Factors

Although not presented in a determinative manner, Tables 6 and 7 summarize the demographic factors just presented with the highest and lowest relative shares, showing which factors are most associated (highest rank) and least associated (lowest rank) with each of the six income levels. Table 6 shows the results for 2007, while Table 7 contains the rankings for 2016.

In both years, educational attainment is one of most frequent factors, accounting for nearly half of the table entries in 2007 and over 40% of the entries in 2016.

Table 6: Demographic Factors Ranked by Relative Share, 2007

Rank	1-99%	100-199%	200-299%	300-399%	400-499%	500%+
1	Less Than HS	Less Than HS	Less Than HS	High School/GED	AA	Grad Degree
2	Single, Female, 1 or more child	Born Abroad-Non Citizen	Latino	Some College	Some College	Bachelor's
3	Black	Latino	High School/GED	AA	White	White
4	Born Abroad-Non Citizen	Single, Female, 1 or more child	Born Abroad-Non Citizen	Born Abroad-Citizen	Asian-PI	Married
5	Age 0-15	Single, Male, 1 or more child	Single, Male, 1 or more child	Single, Male, 1 or more child	Bachelor's	Asian-PI
21	White	Asian-PI	Asian-PI	Single, Female, 1 or more child	Age 0-15	Single, Male, 1 or more child
22	AA	AA	AA	Born Abroad-Non Citizen	Single, Female, 1 or more child	Single, Female, 1 or more child
23	Married	White	White	Less Than HS	Latino	Born Abroad-Non Citizen
24	Bachelor's	Bachelor's	Bachelor's	Bachelor's	Born Abroad-Non Citizen	Latino
25	Grad Degree	Grad Degree	Grad Degree	Grad Degree	Less Than HS	Less Than HS

Table 7: Demographic Factors Ranked by Relative Share, 2016

Rank	1-99%	100-199%	200-299%	300-399%	400-499%	500%+
1	Less Than HS	Less Than HS	Less Than HS	Some College	AA	Grad Degree
2	Single, Female, 1 or more child	Born Abroad-Non Citizen	High School/GED	High School/GED	Some College	Bachelor's
3	Black	Latino	Latino	AA	White	White
4	Born Abroad-Non Citizen	High School/GED	Single, Male, 1 or more child	Born Abroad-Citizen	Bachelor's	Married
5	Age 0-15	Single, Female, 1 or more child	Age 20-24	Single, Male, 1 or more child	Age 25-54	Age 55-64
21	Age 65+	Other	Age 55-64	Age 0-15	Single, Female, 1 or more child	High School/GED
22	White	Asian-PI	Other	Less Than HS	Latino	Single, Female, 1 or more child
23	Married	White	White	Bachelor's	Age 0-15	Born Abroad-Non Citizen
24	Bachelor's	Bachelor's	Bachelor's	Born Abroad-Non Citizen	Born Abroad-Non Citizen	Latino
25	Grad Degree	Grad Degree	Grad Degree	Grad Degree	Less Than HS	Less Than HS

Table 8: Age by Income to Poverty Ratio, All Persons, California

Year	Age	1-99%	100-199%	200-299%	300-399%	400-499%	500%+	Total	1-99%	100-199%	200-299%	300-399%	400-499%	500%+	Total
2007	0-15	32.9%	28.7%	24.4%	21.8%	19.9%	16.0%	22.9%	17.9%	23.4%	17.3%	11.9%	8.4%	21.2%	100.0%
2007	16-19	7.6%	6.7%	6.1%	5.8%	5.2%	4.5%	5.8%	16.3%	21.5%	17.2%	12.5%	8.8%	23.6%	100.0%
2007	20-24	10.0%	8.3%	8.6%	7.8%	6.4%	4.8%	7.3%	17.2%	21.3%	19.3%	13.5%	8.6%	20.2%	100.0%
2007	25-54	36.0%	37.4%	41.5%	45.0%	47.1%	49.1%	43.3%	10.3%	16.1%	15.5%	13.1%	10.6%	34.4%	100.0%
2008	55-64	7.0%	6.6%	7.9%	9.3%	10.2%	15.2%	10.1%	9.2%	12.1%	12.4%	11.2%	9.9%	45.1%	100.0%
2007	65+	7.0%	12.4%	11.3%	11.1%	11.4%	10.9%	10.8%	8.0%	21.4%	17.0%	12.8%	10.2%	30.6%	100.0%
2007	Total	100.5%	100.1%	99.9%	100.6%	100.2%	100.5%	100.3%	12.4%	18.7%	16.2%	12.6%	9.7%	30.3%	100.0%
2012	0-15	31.4%	25.4%	21.5%	19.2%	18.1%	15.1%	21.7%	24.4%	23.7%	15.6%	10.4%	7.3%	18.6%	100.0%
2012	16-19	7.5%	6.4%	5.6%	5.0%	4.8%	3.6%	5.4%	23.3%	24.1%	16.2%	10.7%	7.7%	17.9%	100.0%
2012	20-24	10.4%	9.0%	8.5%	7.3%	6.1%	4.4%	7.5%	23.4%	24.4%	17.8%	11.5%	7.2%	15.7%	100.0%
2012	25-54	35.8%	38.4%	42.1%	43.8%	45.0%	46.6%	41.9%	14.4%	18.6%	15.8%	12.2%	9.4%	29.6%	100.0%
2012	55-64	7.7%	8.4%	9.7%	11.4%	12.5%	16.7%	11.4%	11.4%	15.0%	13.3%	11.7%	9.6%	39.0%	100.0%
2012	65+	7.2%	12.3%	12.7%	13.3%	13.5%	13.5%	12.1%	10.1%	20.8%	16.6%	12.9%	9.8%	29.9%	100.0%
2012	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	16.9%	20.3%	15.8%	11.7%	8.8%	26.7%	100.0%
2016	0-15	29.6%	25.9%	21.0%	18.9%	17.0%	15.2%	20.7%	20.5%	22.9%	15.9%	10.7%	7.6%	22.4%	100.0%
2016	16-19	6.6%	6.1%	5.4%	4.7%	4.3%	3.5%	4.9%	19.1%	22.6%	17.0%	11.2%	8.2%	21.9%	100.0%
2016	20-24	9.5%	8.3%	8.5%	7.2%	6.3%	4.3%	7.0%	19.7%	21.8%	19.1%	12.1%	8.4%	18.9%	100.0%
2016	25-54	35.1%	37.2%	41.7%	43.5%	45.6%	45.6%	41.7%	12.1%	16.3%	15.7%	12.3%	10.2%	33.4%	100.0%
2016	55-64	9.4%	9.0%	9.8%	11.6%	12.4%	16.2%	12.0%	11.3%	13.7%	12.8%	11.4%	9.6%	41.1%	100.0%
2016	65+	9.8%	13.5%	13.5%	14.1%	14.3%	15.1%	13.6%	10.4%	18.2%	15.6%	12.1%	9.8%	33.9%	100.0%
2016	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	14.4%	18.3%	15.7%	11.8%	9.3%	30.5%	100.0%

Source: Analysis of ACS data, IPUMS-USA, University of Minnesota, www.ipums.org

Table 9: Gender by Income to Poverty Ratio, All Persons, California

Re	Gender	1-99%	100-199%	200-299%	300-399%	400-499%	500%+	Total	1-99%	100-199%	200-299%	300-399%	400-499%	500%+	Total
2007	female	54.4%	51.4%	50.1%	49.9%	48.9%	48.7%	50.3%	13.5%	19.1%	16.1%	12.5%	9.4%	29.4%	100.0%
2007	male	45.6%	48.6%	49.9%	50.1%	51.1%	51.3%	49.7%	11.4%	18.3%	16.3%	12.7%	10.0%	31.3%	100.0%
2007	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	12.4%	18.7%	16.2%	12.6%	9.7%	30.3%	100.0%
2012	female	53.5%	51.1%	50.3%	50.2%	49.6%	49.0%	50.6%	17.8%	20.5%	15.7%	11.6%	8.6%	25.8%	100.0%
2012	male	46.5%	48.9%	49.7%	49.8%	50.4%	51.0%	49.4%	15.9%	20.0%	15.8%	11.8%	8.9%	27.5%	100.0%
2012	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	16.9%	20.3%	15.8%	11.7%	8.8%	26.7%	100.0%
2016	female	54.3%	51.5%	50.2%	50.0%	49.5%	49.0%	50.6%	15.4%	18.7%	15.6%	11.6%	9.1%	29.6%	100.0%
2016	male	45.7%	48.5%	49.8%	50.0%	50.5%	51.0%	49.4%	13.3%	18.0%	15.8%	11.9%	9.5%	31.5%	100.0%
2016	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	14.4%	18.3%	15.7%	11.8%	9.3%	30.5%	100.0%

Source: Analysis of ACS data, IPUMS-USA, University of Minnesota, www.ipums.org

Table 10: Ethnicity/Race by Income to Poverty Ratio, All Persons, California

Year	Ethnicity /Race	1-99%	100-199%	200-299%	300-399%	400-499%	500%+	Total	1-99%	100-199%	200-299%	300-399%	400-499%	500%+	Total
2007	Latino	52.0%	56.1%	47.4%	36.5%	26.8%	14.6%	36.3%	17.8%	28.9%	21.2%	12.7%	7.2%	12.2%	100.0%
2007	White	25.9%	25.7%	32.7%	41.6%	50.3%	62.5%	42.4%	7.6%	11.3%	12.5%	12.3%	11.5%	44.7%	100.0%
2007	Asian-PI	9.8%	9.4%	11.5%	12.8%	14.7%	15.5%	12.6%	9.7%	14.0%	14.8%	12.8%	11.3%	37.3%	100.0%
2007	Black	9.5%	6.5%	5.6%	5.9%	5.1%	4.3%	5.8%	20.3%	20.7%	15.6%	12.8%	8.5%	22.2%	100.0%
2007	Other	2.8%	2.3%	2.8%	3.1%	3.1%	3.1%	2.9%	12.1%	15.2%	15.7%	13.5%	10.6%	32.9%	100.0%
2007	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	12.4%	18.7%	16.2%	12.6%	9.7%	30.3%	100.0%
2012	Latino	54.5%	55.6%	46.4%	36.0%	27.0%	15.0%	38.3%	24.0%	29.4%	19.0%	11.0%	6.2%	10.4%	100.0%
2012	White	24.0%	25.7%	32.9%	41.0%	47.5%	59.2%	39.2%	10.3%	13.3%	13.2%	12.2%	10.6%	40.3%	100.0%
2012	Asian-PI	9.9%	10.5%	12.4%	13.8%	16.4%	18.0%	13.6%	12.3%	15.7%	14.3%	11.9%	10.6%	35.2%	100.0%
2012	Black	8.3%	5.4%	5.3%	5.6%	5.2%	3.9%	5.5%	25.5%	20.0%	15.2%	11.9%	8.3%	19.1%	100.0%
2012	Other	3.3%	2.7%	3.0%	3.6%	3.9%	3.8%	3.4%	16.5%	16.1%	14.1%	12.6%	10.3%	30.5%	100.0%
2012	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	16.9%	20.3%	15.8%	11.7%	8.8%	26.7%	100.0%
2016	Latino	51.7%	58.2%	50.6%	40.9%	32.2%	17.0%	39.0%	19.0%	27.3%	20.4%	12.3%	7.7%	13.3%	100.0%
2016	White	25.1%	23.5%	28.9%	36.1%	43.1%	55.1%	37.5%	9.6%	11.5%	12.1%	11.3%	10.7%	44.8%	100.0%
2016	Asian-PI	11.3%	10.1%	12.3%	14.1%	15.7%	19.2%	14.4%	11.3%	12.9%	13.5%	11.5%	10.2%	40.7%	100.0%
2016	Black	8.3%	5.6%	5.2%	5.2%	5.0%	4.1%	5.4%	22.3%	18.9%	15.2%	11.4%	8.7%	23.4%	100.0%
2016	Other	3.6%	2.7%	3.0%	3.7%	3.9%	4.6%	3.7%	14.0%	13.5%	12.7%	12.0%	9.9%	38.0%	100.0%
2016	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	14.4%	18.3%	15.7%	11.8%	9.3%	30.5%	100.0%

Source: Analysis of ACS data, IPUMS-USA, University of Minnesota, www.ipums.org

Table 11: Educational Attainment by Income to Poverty Ratio, Persons Ages 25 & Over, California

Year	Highest Education Level	1-99%	100-199%	200-299%	300-399%	400-499%	500%+	Total	1-99%	100-199%	200-299%	300-399%	400-499%	500%+	Total
2007	Less Than HS	40.5%	39.4%	26.8%	17.1%	10.8%	4.6%	19.4%	20.0%	33.3%	21.2%	11.2%	5.8%	8.4%	100.0%
2007	High School/GED	26.9%	27.9%	29.6%	28.0%	23.9%	14.6%	23.0%	11.3%	20.0%	19.9%	15.5%	10.8%	22.6%	100.0%
2007	Some College	15.9%	16.5%	21.1%	23.7%	24.5%	19.7%	20.1%	7.6%	13.5%	16.2%	15.1%	12.7%	34.8%	100.0%
2007	AA	4.6%	5.5%	6.9%	8.6%	9.5%	9.0%	7.7%	5.8%	11.8%	13.8%	14.3%	12.9%	41.5%	100.0%
2007	Bachelor's	8.6%	7.9%	11.5%	16.6%	21.9%	30.9%	19.2%	4.3%	6.8%	9.2%	11.0%	11.9%	56.9%	100.0%
2007	Grad Degree	3.4%	2.8%	4.1%	6.0%	9.4%	21.1%	10.6%	3.1%	4.3%	6.0%	7.2%	9.2%	70.3%	100.0%
2007	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	9.6%	16.5%	15.4%	12.7%	10.4%	35.4%	100.0%
2012	Less Than HS	37.2%	34.4%	22.7%	14.0%	8.5%	3.7%	18.4%	26.4%	34.4%	19.2%	9.3%	4.4%	6.3%	100.0%
2012	High School/GED	24.5%	26.2%	25.8%	23.5%	20.1%	11.3%	20.3%	15.8%	23.6%	19.7%	14.1%	9.4%	17.4%	100.0%
2012	Some College	19.6%	20.4%	24.9%	26.9%	26.8%	19.2%	22.0%	11.6%	17.0%	17.6%	14.9%	11.6%	27.3%	100.0%
2012	AA	5.8%	6.3%	8.1%	9.2%	9.8%	8.8%	8.0%	9.6%	14.4%	15.8%	14.1%	11.7%	34.5%	100.0%
2012	Bachelor's	9.1%	9.2%	13.8%	19.2%	23.7%	32.8%	19.9%	6.0%	8.5%	10.8%	11.8%	11.3%	51.6%	100.0%
2012	Grad Degree	3.8%	3.4%	4.7%	7.3%	11.1%	24.2%	11.4%	4.3%	5.6%	6.4%	7.9%	9.2%	66.6%	100.0%
2012	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	13.1%	18.3%	15.5%	12.2%	9.5%	31.3%	100.0%
2016	Less Than HS	34.3%	33.3%	23.7%	15.7%	10.5%	4.2%	17.4%	22.9%	31.1%	20.6%	10.9%	6.1%	8.4%	100.0%
2016	High School/GED	25.6%	26.4%	26.4%	24.0%	20.1%	11.8%	20.3%	14.7%	21.1%	19.8%	14.3%	9.9%	20.2%	100.0%
2016	Some College	19.6%	20.7%	23.6%	25.6%	25.2%	18.6%	21.3%	10.7%	15.8%	16.8%	14.5%	11.8%	30.5%	100.0%
2016	AA	5.7%	6.2%	7.7%	9.0%	9.6%	8.2%	7.7%	8.6%	13.0%	15.0%	14.0%	12.4%	37.0%	100.0%
2016	Bachelor's	10.2%	9.7%	13.6%	18.5%	23.2%	32.9%	20.9%	5.7%	7.5%	9.9%	10.7%	11.1%	55.0%	100.0%
2016	Grad Degree	4.6%	3.7%	5.0%	7.3%	11.3%	24.3%	12.4%	4.3%	4.9%	6.2%	7.1%	9.1%	68.4%	100.0%
2016	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	11.6%	16.2%	15.2%	12.1%	10.0%	34.9%	100.0%

Source: Analysis of ACS data, IPUMS-USA, University of Minnesota, www.ipums.org

Table 12: Nativity by Income to Poverty Ratio, All Persons, California

Year	Nativity	1-99%	100-199%	200-299%	300-399%	400-499%	500%+	Total	1-99%	100-199%	200-299%	300-399%	400-499%	500%+	Total
2007	US Born	68.0%	62.8%	67.7%	72.8%	77.1%	80.7%	72.3%	11.7%	16.2%	15.2%	12.7%	10.4%	33.9%	100.0%
2007	Born Abroad-Citizen	7.9%	11.7%	12.9%	13.4%	13.1%	12.7%	12.1%	8.1%	18.1%	17.3%	14.0%	10.5%	31.9%	100.0%
2007	Born Abroad-Non Citizen	24.1%	25.5%	19.4%	13.7%	9.8%	6.6%	15.6%	19.2%	30.6%	20.2%	11.1%	6.1%	12.8%	100.0%
2007	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	12.4%	18.7%	16.2%	12.6%	9.7%	30.3%	100.0%
2012	US Born	69.7%	65.4%	70.0%	74.4%	78.1%	79.4%	72.7%	16.2%	18.2%	15.2%	12.0%	9.4%	29.1%	100.0%
2012	Born Abroad-Citizen	8.5%	12.9%	14.0%	14.7%	14.4%	14.2%	13.0%	11.0%	20.0%	17.0%	13.2%	9.7%	29.1%	100.0%
2012	Born Abroad-Non Citizen	21.8%	21.7%	16.0%	10.9%	7.6%	6.4%	14.3%	25.8%	30.9%	17.6%	9.0%	4.6%	12.1%	100.0%
2012	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	16.9%	20.3%	15.8%	11.7%	8.8%	26.7%	100.0%
2016	US Born	69.9%	66.1%	69.2%	73.0%	76.0%	78.3%	72.6%	13.9%	16.7%	15.0%	11.8%	9.7%	32.9%	100.0%
2016	Born Abroad-Citizen	10.0%	13.1%	14.3%	15.6%	14.6%	14.9%	13.8%	10.4%	17.4%	16.3%	13.2%	9.8%	32.9%	100.0%
2016	Born Abroad-Non Citizen	20.1%	20.8%	16.5%	11.4%	9.4%	6.8%	13.6%	21.3%	28.0%	19.1%	9.9%	6.4%	15.4%	100.0%
2016	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	14.4%	18.3%	15.7%	11.8%	9.3%	30.5%	100.0%

Source: Analysis of ACS data, IPUMS-USA, University of Minnesota, www.ipums.org
Note: US Born includes born abroad of US citizens

Table 13: Marital Status by Income to Poverty Ratio, Persons Age 15 & Over, California

Year	Status	1-99%	100-199%	200-299%	300-399%	400-499%	500%+	Total	1-99%	100-199%	200-299%	300-399%	400-499%	500%+	Total
2007	Married	18.8%	29.8%	35.2%	38.6%	41.8%	52.3%	38.4%	6.1%	14.5%	14.9%	12.6%	10.6%	41.3%	100.0%
2007	Single, no child	68.1%	59.9%	55.5%	53.2%	51.0%	43.0%	53.4%	15.9%	21.0%	16.9%	12.5%	9.3%	24.4%	100.0%
2007	Single, Female, 1 or more child	10.5%	7.5%	6.7%	5.8%	5.2%	3.2%	6.0%	21.8%	23.3%	18.1%	12.0%	8.5%	16.3%	100.0%
2007	Single, Male, 1 or more child	2.6%	2.7%	2.6%	2.4%	2.0%	1.5%	2.2%	14.5%	23.0%	19.2%	13.9%	9.0%	20.5%	100.0%
2007	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	12.4%	18.7%	16.2%	12.6%	9.7%	30.3%	100.0%
2012	Married	18.6%	30.1%	35.0%	39.8%	43.5%	53.0%	37.3%	8.4%	16.3%	14.8%	12.5%	10.2%	37.8%	100.0%
2012	Single, no child	67.6%	58.6%	54.8%	51.6%	49.4%	42.3%	53.6%	21.3%	22.2%	16.1%	11.3%	8.1%	21.1%	100.0%
2012	Single, Female, 1 or more child	10.6%	7.9%	7.3%	6.2%	5.1%	3.2%	6.6%	27.2%	24.5%	17.4%	11.0%	6.8%	13.1%	100.0%
2012	Single, Male, 1 or more child	3.2%	3.3%	2.9%	2.4%	2.1%	1.4%	2.5%	21.2%	27.0%	18.3%	11.3%	7.1%	15.1%	100.0%
2012	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	16.9%	20.3%	15.8%	11.7%	8.8%	26.7%	100.0%
2016	Married	18.6%	29.7%	34.4%	38.9%	41.4%	52.6%	38.0%	7.0%	14.3%	14.2%	12.0%	10.1%	42.3%	100.0%
2016	Single, no child	68.5%	59.2%	55.3%	52.0%	50.7%	42.6%	53.2%	18.5%	20.4%	16.3%	11.5%	8.9%	24.4%	100.0%
2016	Single, Female, 1 or more child	10.1%	8.1%	7.1%	6.5%	5.4%	3.3%	6.3%	23.0%	23.6%	17.6%	12.1%	7.9%	15.8%	100.0%
2016	Single, Male, 1 or more child	2.9%	3.0%	3.1%	2.6%	2.5%	1.5%	2.5%	16.7%	22.4%	20.0%	12.4%	9.5%	19.0%	100.0%
2016	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	14.4%	18.3%	15.7%	11.8%	9.3%	30.5%	100.0%

Source: Analysis of ACS data, IPUMS-USA, University of Minnesota, www.ipums.org

Employment

Labor Force Status

Labor force status is shown in Table 19 for each of the income groups. As expected, the percentage of persons employed rises sharply with income. In 2016, just under one-third of persons in the 1-99% income group responded as being employed in the prior week, while nearly three-quarters were employed in the 500%+ income group. Still, about one-third of those below poverty indicated employment, a figure that quickly rose to over half for the 100-199% group.

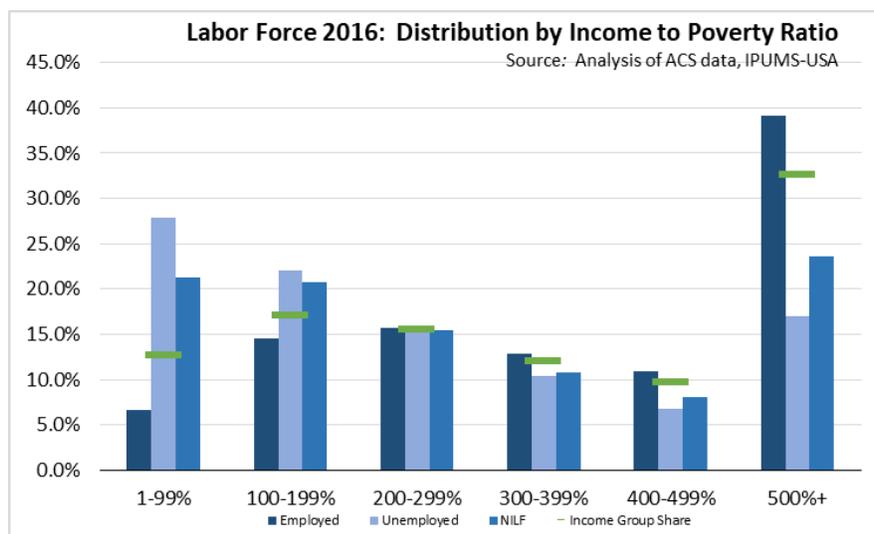


Table 14: Labor Force Rates by Income to Poverty Ratio, Persons Ages 16 & Over, California

Year	1-99%	100-199%	200-299%	300-399%	400-499%	500%+	Total
Unemployment Rate							
2007	22.2%	10.1%	7.4%	5.7%	4.7%	3.0%	6.6%
2012	33.3%	15.5%	10.8%	8.5%	7.2%	4.4%	11.2%
2016	22.3%	9.4%	6.4%	5.2%	4.1%	2.9%	6.4%
Labor Force Participation Rate							
2007	41.6%	55.8%	64.4%	69.1%	71.0%	75.6%	65.4%
2012	45.9%	58.7%	65.5%	68.5%	70.0%	74.9%	64.8%
2016	40.2%	56.5%	64.5%	67.9%	70.4%	74.1%	64.1%

Source: Table 19

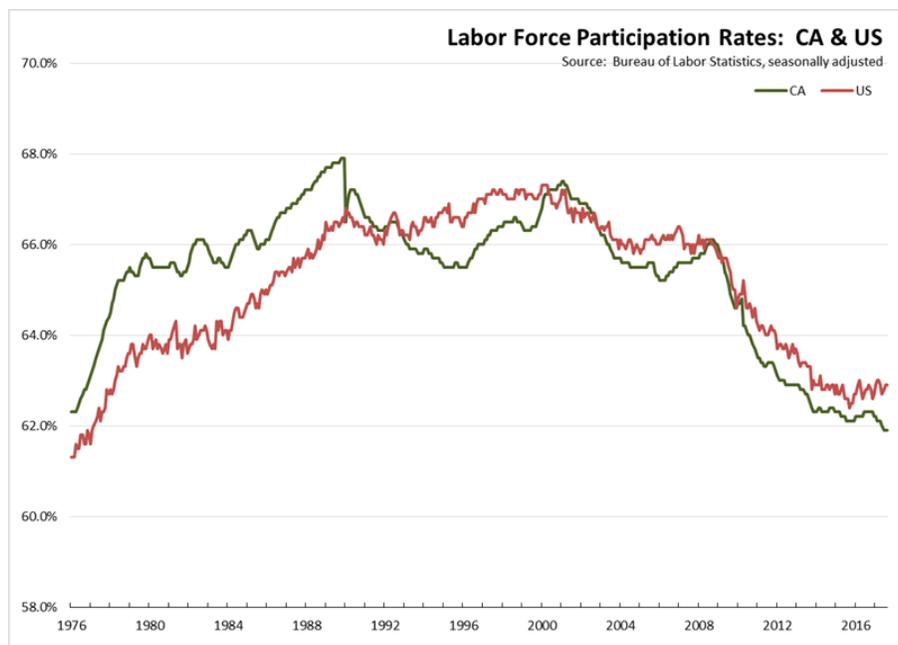
The higher income groups were also more likely to remain employed during the recessionary period covered by the data tables. The labor force data in Table 19 translates into the unemployment rates shown in Table 14 by income group. While the upper income groups experienced some degree of higher unemployment in 2012, the brunt of the recession fell on the lowest income levels.

Moreover, while labor force participation rates softened for the upper income groups and the state as a whole, they increased at the lower ends—a reflection both of the longer eligibility period for unemployment insurance during the period along with a likely continued search for earned income rather than reliance on government assistance as a recession response.

Looking at the relative shares, the 200-299% income group essentially represents the state averages in all three years. The higher incomes then show an increasing relative share for employment, reaching to 20% higher in the 500%+ income group, and decreasing shares of unemployment and nonparticipation in the labor force. The lower income groups show the opposite trend, with the below poverty income group having an unemployment relative share that is 120% higher in 2016

Labor Force Participation

One key factor in the shift from middle to lower income groups is the state’s declining labor force participation rate. A significantly decreasing share of working-age persons are now even looking for employment, with a resulting decline in incomes and, more critically in a state where multiple incomes are required to afford housing, a decline in the number of workers per household.



Labor force participation is also an important factor when assessing economic trends through comparative unemployment rates. The official rates are determined only from those employed or actively seeking employment. While a specific demographic group may show a low unemployment rate, this result is less meaningful if their participation rate is low as well. For example, California and the rest of the US now show unemployment rates that historically have been considered at or near “full employment.” However, because participation rates are now low as well, the current unemployment levels are not fully comparable with those previous historic benchmarks. Significant

numbers of persons who would have been employed in prior economic recoveries remain outside the labor force.

A number of more detailed studies have attempted to analyze why this trend is occurring nationwide rather than California, and have identified a number of factors including: the aging of the population, diminishing demand for certain skills especially for lower-education workers who previously were employed in manufacturing and other blue-collar skill industries, increased use of disability and other income support programs that reduce the potential incentives for employment, and the effects of the Affordable Care Act in providing health care options especially for older workers who previously remained employed in large part to continue their employer-provided health benefits prior to Medicare eligibility. The data in this section identifies some of the demographic factors associated with the declining rate in California, but again is descriptive rather than attempting to be explanatory.

Overall, California's participation rate has been falling significantly since the recession, falling below the national rate beginning in 2010. The most recent data shows the seasonally adjusted rate close to its lowest level since the series began in 1976. California's rate has shown some improvement in the preliminary data through the end of 2017, but remains subject to revision to the final estimates to be released in March.

While some of the factors identified in the national studies likely apply to California as well, they do not fully explain why the state's rate has fallen so low and continues below the national average. California's population although aging is relatively younger than the US as whole. California's fastest growing demographic group—Latinos—is younger still and has maintained much higher participation rates.

The following data breaks out employment status by demographics for the state as a whole. The data was compiled from the monthly Current Population Survey (CPS) microdata accessible through the Census Bureau's DataFerrett. Due to the smaller survey size, the data is presented as 12-month moving averages to increase the level of significance.

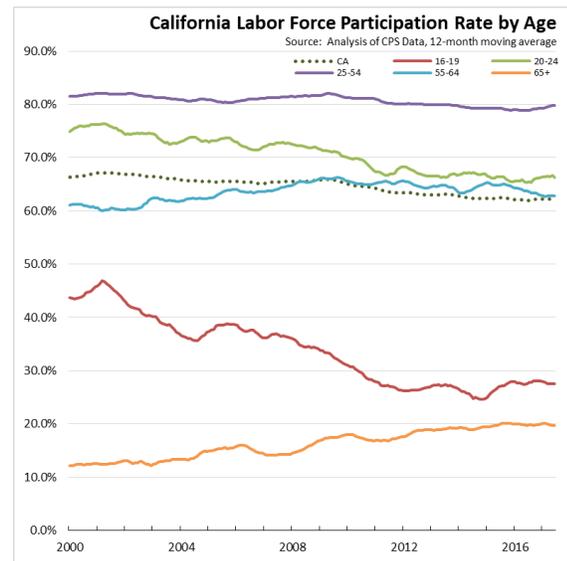
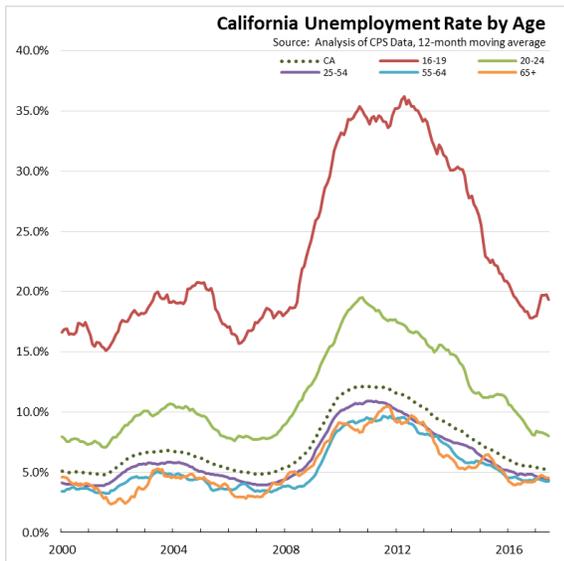
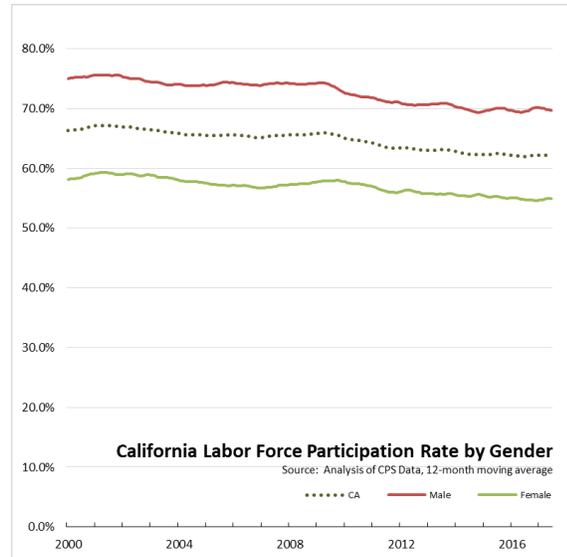
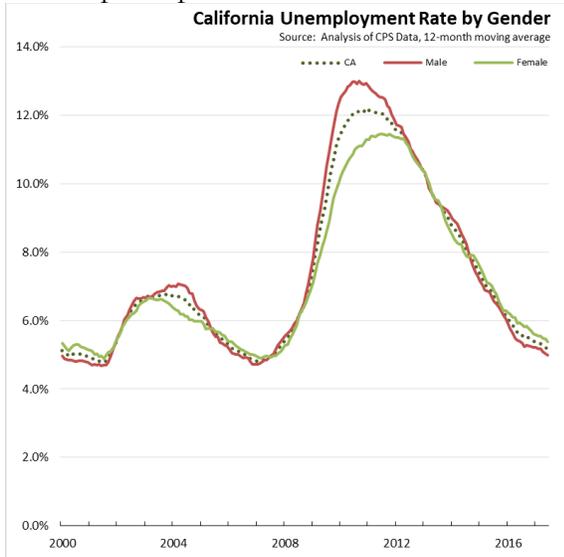
Factors more closely associated with declining labor force participation are identified by comparing current participation by demographic to rates seen in the previous recent high in the first half of 2001. Estimates of “nonparticipating” members for each demographic are then calculated by applying, generally, the previous participation rates to the current population numbers. This approach accounts for the changing composition of the population, while identifying those demographic components with more significant internal structural change.

Gender & Age. Unemployment rates and labor force participation rates (for civilian population age 16 and over) are shown by gender and age demographics in the following charts.

From this data:

- The core components of California's labor force are aging, and as a result, the total number of traditional prime working age adults is beginning to show far lower levels of growth if not

outright stagnation. From June 2001 to 2017, total civilian population age 16 and older grew by 5.2 million (12-month moving average). Of this growth, 4.1 million (79%) were age 55 or older. As a consequence, strategies to increase incomes overall may require achieving participation rates above historical levels for the core working ages of 25-54, or even higher participation for the 55 and older Californians as well.



- Youth employment has crashed. Unemployment remains well above all other age groups, while participation rates have sunk some 60%. Employment for age 16-19 is now only 2/3 of the previous 2001 level. This outcome is critical to future income mobility as early employment has been associated in a number of recent studies as having a positive effect on life-time wages—especially for those with lower education attainment—as a result of early acquisition of employment skills and experience for future job openings. Higher income

levels have relatively greater opportunities to compensate for lower youth employment opportunities through non-paid internships, while this path is not as available to lower income levels.

- Californians are working longer. Participation rates for age 65 and older have increased from 12.5% to around 20%—26% for men alone. Age 55 to 64 is the only other age group showing a participation increase, although at lower levels.
- Participation rates for the core working demographic (age 25-54) has shown the most stability, remaining only slightly below the previous high of 82.1%.
- While males faced significantly higher unemployment during the recession, the rates have returned to only a 0.4% point difference compared to females since.
- Participation rates, however, are significantly different, with the lower female participation rates contributing to the slightly higher relative share of females in the below poverty income group. Participation rates for males, however, took a somewhat steeper dive during the recession.

The effects of participation rates from the age factors are summarized in Table 15, comparing labor force by age and gender in June 2017 (12-month moving average) to what it would have been if labor force participation had continued at the June 2001 rates. The exceptions are age 55-64, which uses the higher post-2001 peak participation rate, and age 65 and over where the 2001 and 2017 factors are reversed to estimate the effects of increasing participation within this age group.

Table 15: Effect of Age & Gender on Labor Force Participation, California

	16-19	20-24	25-54	55-64	65+
Males					
Labor Force at Jun 17 Rates	291,000	983,000	7,018,000	1,628,000	597,000
Labor Force at Jun 01 Rates*	486,000	1,168,000	7,224,000	1,680,000	412,000
Difference	-195,000	-185,000	-206,000	-52,000	185,000
Females					
Labor Force at Jun 17 Rates	279,000	883,000	5,679,000	1,400,000	446,000
Labor Force at Jun 01 Rates*	468,000	971,000	5,836,000	1,509,000	255,000
Difference	-189,000	-88,000	-157,000	-109,000	191,000
Total					
Labor Force at Jun 17 Rates	570,000	1,866,000	12,697,000	3,028,000	1,043,000
Labor Force at Jun 01 Rates*	954,000	2,139,000	13,060,000	3,189,000	667,000
Difference	-384,000	-273,000	-363,000	-161,000	376,000

*Source: Analysis of CPS data, 12-month moving averages; * - age 25-54 at post-Jun 01 peak, age 65+ 2001 and 2017 factors reversed*

From this analysis, the state's changing age structure is a dominant factor in the current declining participation rate. Even if participation rates were closer to their previous recent highs as in Table 15, the state's overall participation rate in June 2017 would have been 66.0% rather than the actual

62.1%. This upside estimate is lower than the results coming from the subsequent demographic factors and in the absence of higher participation rates closer to those in the 1980s and 1990s, is likely near what California can achieve given its current age structure. This level, however, is equivalent to those seen in California prior to the recession and moreover, would mean another 1.2 million employed and providing earned income to shift the current income distribution back into the middle levels.

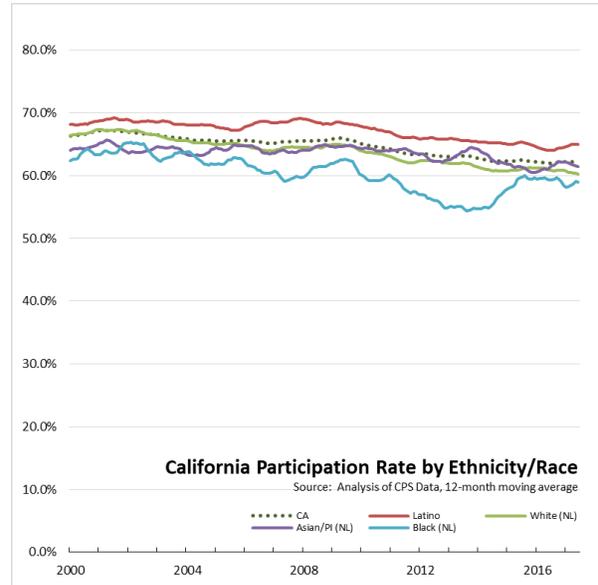
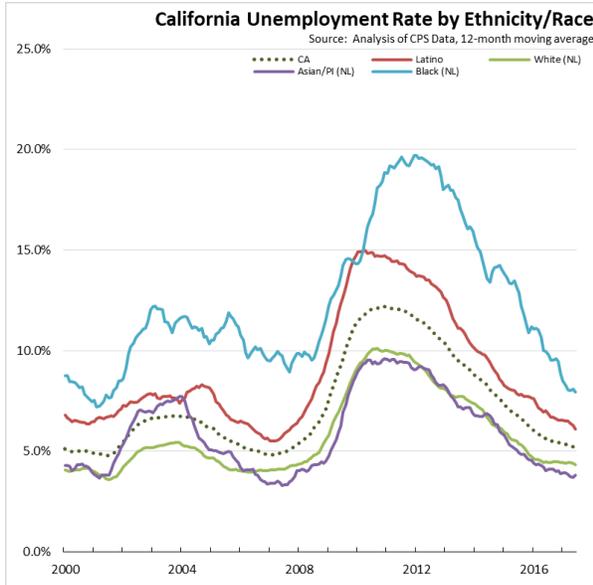
Second, while national studies have identified males, especially lower education males, as the primary demographic behind the declining national rate, the results in Table 15 show the effects are more dispersed across both genders in California except at ages 20-24.

Third, another dominating factor in California is the worsening participation rates among youth and young adults. Given their significantly higher relative share among the lower income levels, declining employment among these two age groups has had a similar effect on poverty in the state. Declining participation also limits opportunities for these cohorts to begin upward mobility, as discussed above.

Ethnicity/Race. Unemployment rates and labor force participation rates (for civilian population age 16 and over) are shown by ethnicity/race demographics in the following charts. All race data are for the non-Latino (NL) component.

From this data:

- Non-Latino Blacks sustained significantly higher employment impacts during the recession, both in terms of unemployment and exit from the labor force. While their rates have begun to moderate, they remained well outside recovery levels in June 2017. These reduced employment levels track with their higher relative share in the below poverty income group.
- Latino unemployment and participation are both above the state average, reflecting continued entries into the labor force from this relatively younger population. As a growing share of the total labor force (34.9% vs. 41.0% for non-Latino Whites and 16.3% for non-Latino Asian/Pacific Islanders), the employment performance of this demographic will have an increasing weight within the state averages.



The effects of participation rates from the ethnicity/race factors are summarized in Table 16, comparing labor force in June 2017 (12-month moving average) to what it would have been at the previous June 2001 participation rates.

Table 16: Effect of Ethnicity/Race on Labor Force Participation, California

	Latino	White (NL)	Asian/PI (NL)	Black (NL)	Other (NL)
Labor Force at Jun 17 Rates	7,003,000	7,644,000	3,098,000	1,016,000	443,000
Labor Force at Jun 01 Rates	7,450,000	8,528,000	3,296,000	1,095,000	380,000
Difference	-447,000	-884,000	-198,000	-79,000	63,000

Source: Analysis of CPS data, 12-month moving averages

The biggest effect comes from reduced participation by non-Latino Whites. This effect is likely to be the result of reduced job opportunities for higher wage blue collar skills as with the national studies (for example, see data on Construction in the next chapter), but also reflects that this demographic has been aging to a higher degree than the others.

Latinos show the next highest effect on reduced labor force participation. The data, however, shows their rate has been increasing over the past year, although still well below recent highs.

Educational Attainment. Unemployment rates and labor force participation rates (for civilian population age 16 and over) are shown by educational attainment demographics in the following charts.

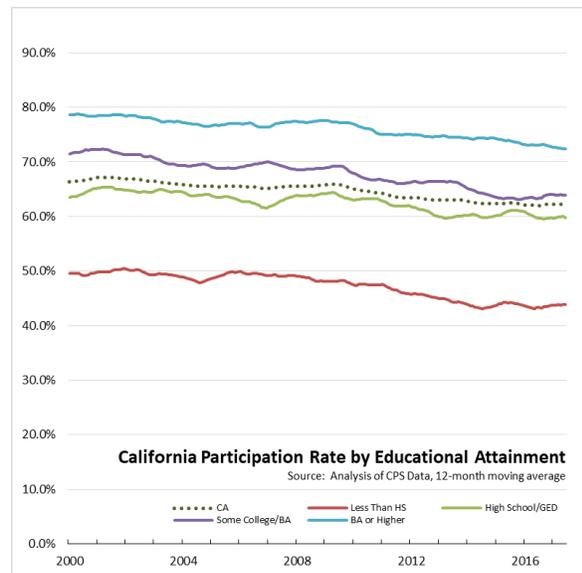
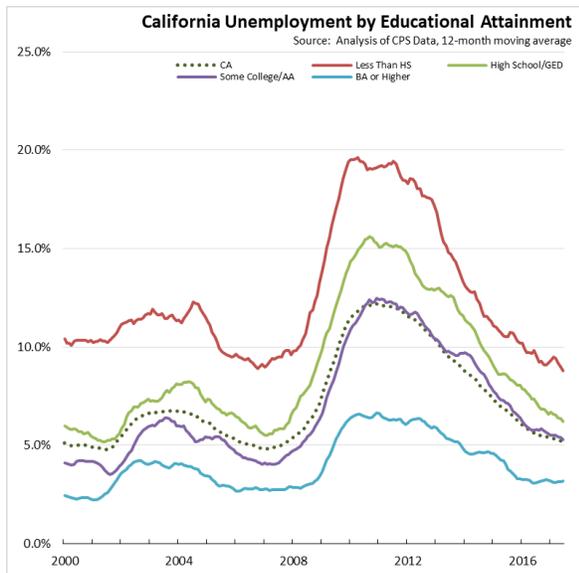


Table 17: Effect of Educational Attainment on Labor Force Participation, California

	Less than HS	High School/GED	Some College/AA	BA or Higher
Labor Force at Jun 17 Rates	2,353,000	4,313,000	5,499,000	7,039,000
Labor Force at Jun 01 Rates	2,674,000	4,708,000	6,211,000	7,637,000
Difference	-321,000	-395,000	-712,000	-598,000

Source: Analysis of CPS data, 12-month moving averages

The educational attainment data (persons age 25 and older) provides additional insight to the results discussed in the previous chapter on demographics. Persons with less than a high school education—an outsized component of California’s labor force—are far more likely to be unemployed. More critically, less than 50% are even in the labor force.

The effects on participation rates from the educational factors are summarized in Table 17, comparing labor force in June 2017 (12-month moving average) to what it would have been at the previous June 2001 participation rates.

The strongest effects are seen in persons with some college, including those with AA and BA and higher degrees, which combined show reduced participation of 1.3 million compared to the June 2001 rates. While some of this change may be due to aging of the population at these educational attainment levels, they indicate that while a college degree may be useful in securing a job, it does not mean all the current holders are seeking a job.

Nativity. Unemployment rates and labor force participation rates (for civilian population age 16 and over) are shown by nativity demographics in the following charts.

Citizens who were born abroad show significantly lower unemployment rates, but also one of the sharpest dropping participation rates during the recession years. Non-citizens, however, have significantly higher participation and appear to be improving over the past year.

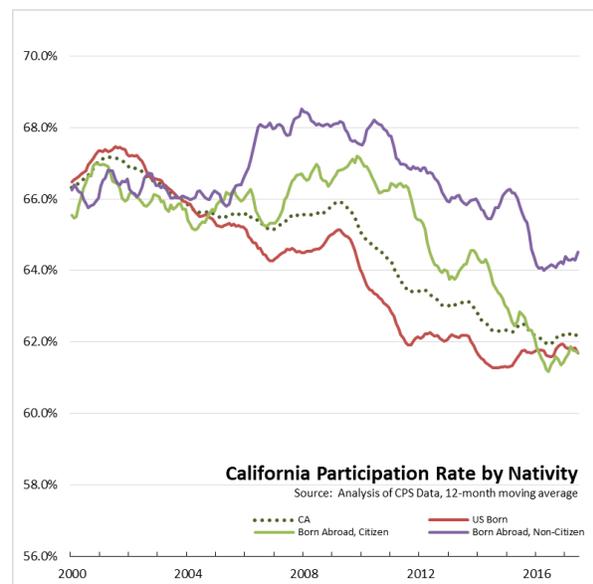
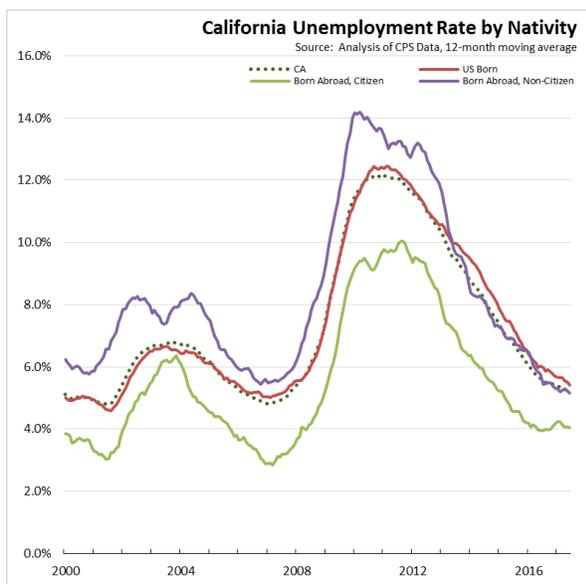


Table 18: Effect of Nativity on Labor Force Participation, California

	US Born	Born Abroad, Citizen	Born Abroad, Non-Citizen
Labor Force at Jun 17 Rates	12,968,000	3,061,000	3,176,000

Labor Force at Jun 01 Rates	14,166,000	3,298,000	3,288,000
Difference	-1,198,000	-237,000	-112,000

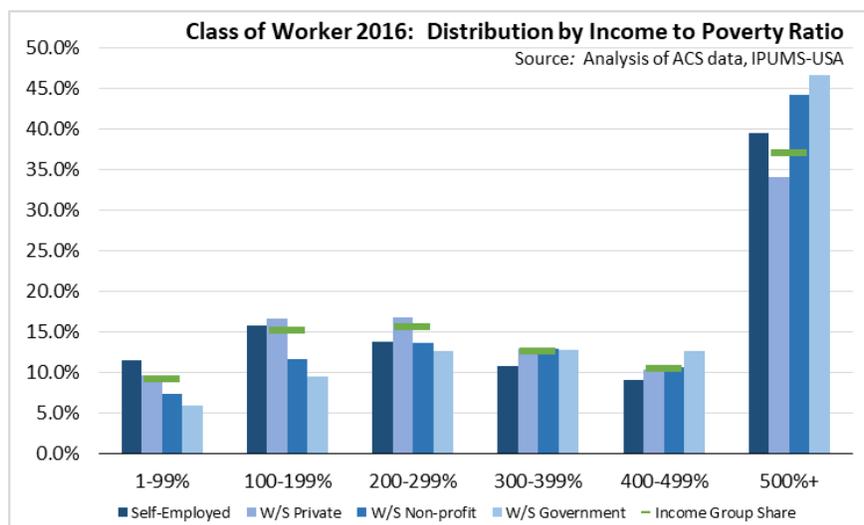
Source: Analysis of CPS data, 12-month moving averages

The effects of participation rates from the nativity factors are summarized in Table 18, comparing labor force in June 2017 (12-month moving average) to what it would have been at the previous June 2001 participation rates.

As indicated, the primary relative contraction of the labor force has come from reduced participation by persons who are citizens by birth. Naturalized citizens have withdrawn at a lower rate relative to their population size, with non-citizens continue to participate near their 2001 levels.

Class of Worker

Class of worker is defined by the nature of the employer: wage and salary private workers, self-employed, wage and salary working for a non-profit, and wage and salary working for a government agency (all levels). The effect of this factor on income category is shown in the following and Table 20.



From Table 20:

- Self-employment became a response to the declining number of wage and salary jobs during the recession, with all income groups except the top two increasing their relative share during this period and the strongest change occurring in incomes below poverty.
- The lowest three income groups show a relatively higher reliance on private wage and salary jobs.
- Wage and salary jobs in government and the non-profit sector are significantly a greater source in the 500%+ income group, with government jobs 30% more prevalent on a relative

share basis across all three years and non-profit jobs increasing to 20% more prevalent in 2012 and 2016.

Industry of Employment

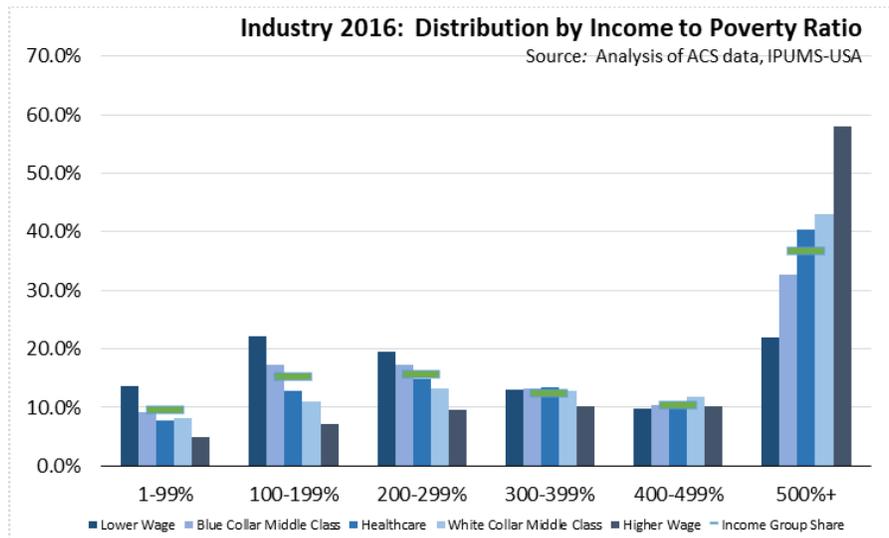


Table 21 shows the primary industry of employment reported by persons working in the previous 5 years. To simplify the presentation, the data is shown by general industry wage level, using a comparable classification as that used by the Center in previous reports (Center, 2015):

- Lower Wage—Consists of Retail Trade, Other Services, Agriculture, Forestry & Fishing, and Accommodation & Food Services.
- Blue-collar Middle Class Wage—industries with annual average wage of \$40,000 and above and that predominately do not require a college degree. Consists of Mining & Logging, Utilities, Construction, Manufacturing, Wholesale Trade, Transportation & Warehousing, and Administrative, Support & Waste Services. Note that some of these industries have average wages substantially above \$40,000.
- Healthcare—consists of Healthcare & Social Assistance. Because this industry combines some of the higher wage and lowest wage subindustries, it is treated as a separate category.
- White-collar Middle Class Wage—industries with annual average salaries of \$40,000 and above and that generally require a college degree. Consists of Educational Services, Arts, Entertainment & Recreation, and Public Administration.
- Higher Wage—consists of Professional, Scientific & Technical Services, Information, Management of Companies & Enterprises, and Finance, Insurance & Real Estate (FIRE).

Because ACS uses industry designations derived from the occupational data, the classifications above are modified slightly from those used in the Center’s prior reports. They also are not fully consistent with the industry-based data presented in the following chapter. In particular, government employment is distributed out by function rather than reported as a separate industry.

Public Administration is treated as a separate industry (which includes both government workers and private workers working in public administration on a contract basis). Employment in publicly-owned facilities such as schools, hospitals, and utilities is allocated to those industries as well.

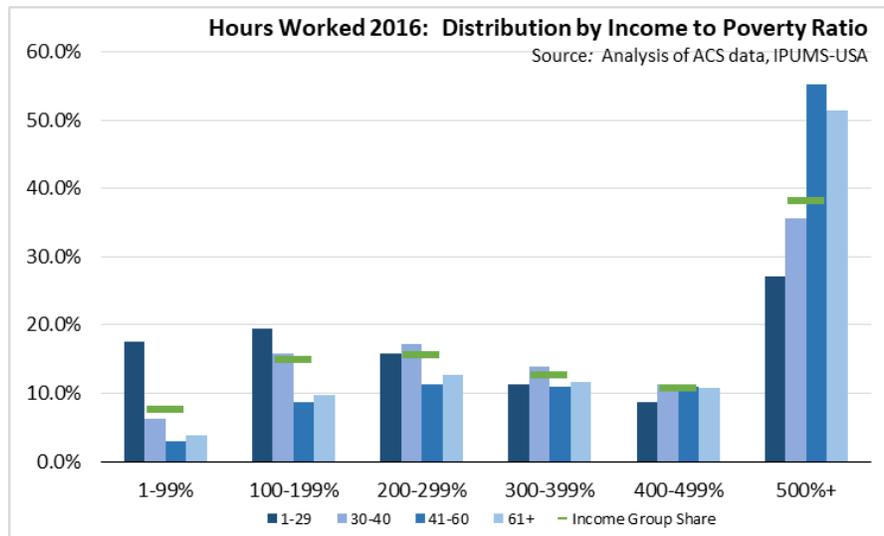
From Table 21:

- Overall, employment level by wage classification tracks with the income group designations, with lower wage employment more prevalent in lower income levels and the opposite pattern for higher wage employment. The lower income levels, however, saw a greater concentration of their jobs within the Lower Wage industries—reflecting the predominance of these industries in the state’s employment growth during this period—while the higher income levels saw more disbursed employment across industries.
- On a relative share basis, the 1-99% income group saw a decline in both Lower Wage and Healthcare jobs from 2007 to 2012 and moving into recovery in 2016.
- The 100-199% and 200-299% income groups show a relatively greater share of lower wage and Blue-collar wage jobs.
- For 300-399%, most industries retained the same relative share, but with Healthcare increasing and Higher Wage declining.
- The 200-499% income groups saw little change in their relative shares during this period, while the 500%+ group saw a relative increase in its share of Higher Wage employment.
- All industry groups provide roughly equal share of jobs to the middle income groups, 300-499%. The declining share of these two groups in the population overall, consequently, may not be solely from the decline of traditional middle class wage industries such as manufacturing. This pattern may also reflect across all industries, the continuing shift of other middle class wage classifications such as back office functions to lower cost states.
- While the distribution shifted somewhat towards the lower income groups in this period, Blue-collar wage jobs remained associated with higher income groups, with 56.9% in the highest three income groups in 2007, and 56.4% in 2015. The structural shifts discussed in the next section affecting these industries necessarily reduce upward mobility opportunities to these income levels for many workers, in particular those with lower educational attainment.

Usual Weekly Hours Worked

The definition of full time vs. part time work can vary, with many companies defining full time as an average of 35 hours a week minimum for benefits purposes. The analysis below, however, is based on Internal Revenue Service and federal Affordable Care Act regulations that designate 30 hours as the defining point. Table 22 shows the number of weekly hours worked grouped as follows: 1-29

hours (part time), 30-40 hours (full time equivalent), 41-60 hours, and 60 and more hours. The hours reported cover work in all jobs. Consequently, 60 hours could be the result of full time work plus overtime in one job or part time work in two or more jobs.



From Table 22:

- The lowest 3 income groups all saw an increase in part time work during this period, with the strongest shift in those with incomes below poverty—going from 34.4% of this group in 2007 to 41.0% in 2016. On a relative share basis, part time work grew to 130% higher for those below poverty.
- Full time work is slightly elevated on a relative share basis for the middle 4 income groups.
- Additional work hours are 10-60% below on a relative share basis for the 4 lowest groups, reflecting a common theme in both the focus groups and surveys on the need for additional work. The 500%+ income group is the only level showing a high relative share over 1.0 for both 41-60 and 61+ hours worked. This data suggests that while persons in the lower income groups may be working more than one job, it is primarily to achieve the equivalent of full time work and less to secure income beyond that point.

Table 19: Labor Force Status by Income to Poverty Ratio, Persons Ages 16 & Over, California

Year	Status	1-99%	100-199%	200-299%	300-399%	400-499%	500%+	Total	1-99%	100-199%	200-299%	300-399%	400-499%	500%+	Total
2007	Employed	32.3%	50.2%	59.7%	65.2%	67.7%	73.4%	61.1%	5.7%	14.2%	15.5%	13.6%	11.2%	39.7%	100.0%
2007	Unemployed	9.2%	5.6%	4.8%	3.9%	3.3%	2.3%	4.3%	23.2%	22.5%	17.6%	11.6%	7.7%	17.4%	100.0%
2007	NILF	58.4%	44.2%	35.6%	30.9%	29.0%	24.4%	34.6%	18.3%	22.1%	16.4%	11.4%	8.5%	23.3%	100.0%
2007	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	10.8%	17.3%	15.9%	12.8%	10.1%	33.1%	100.0%
2012	Employed	30.6%	49.6%	58.5%	62.6%	65.0%	71.6%	57.5%	7.9%	16.7%	16.1%	13.1%	10.3%	36.0%	100.0%
2012	Unemployed	15.3%	9.1%	7.1%	5.9%	5.0%	3.3%	7.3%	31.1%	24.2%	15.4%	9.7%	6.3%	13.3%	100.0%
2012	NILF	54.1%	41.3%	34.5%	31.5%	30.0%	25.1%	35.2%	22.7%	22.7%	15.5%	10.8%	7.8%	20.6%	100.0%
2012	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	14.8%	19.3%	15.8%	12.1%	9.2%	28.9%	100.0%
2016	Employed	31.3%	51.2%	60.3%	64.4%	67.5%	72.0%	60.0%	6.7%	14.6%	15.7%	12.9%	11.0%	39.2%	100.0%
2016	Unemployed	9.0%	5.3%	4.2%	3.5%	2.9%	2.1%	4.1%	27.9%	22.1%	15.8%	10.4%	6.8%	17.1%	100.0%
2016	NILF	59.8%	43.5%	35.5%	32.1%	29.6%	25.9%	35.9%	21.3%	20.8%	15.5%	10.8%	8.0%	23.6%	100.0%
2016	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	12.8%	17.1%	15.6%	12.0%	9.7%	32.7%	100.0%

Source: Analysis of ACS data, IPUMS-USA, University of Minnesota, www.ipums.org

Note: NILF – not in labor force

Table 20: Class of Worker by Income to Poverty Ratio, Persons Ages 16 & Over, California

Year	Class	1-99%	100-199%	200-299%	300-399%	400-499%	500%+	Total	1-99%	100-199%	200-299%	300-399%	400-499%	500%+	Total
2007	Self-Employed	12.6%	11.2%	10.2%	9.8%	10.6%	14.4%	12.1%	8.7%	13.9%	13.2%	10.7%	9.4%	44.1%	100.0%
2007	W/S Private	74.4%	76.2%	73.9%	70.1%	66.0%	60.4%	67.9%	9.1%	16.9%	17.0%	13.6%	10.4%	33.0%	100.0%
2007	W/S Non-profit	4.8%	4.6%	5.2%	5.7%	6.4%	6.6%	5.8%	6.9%	11.9%	14.1%	13.1%	11.8%	42.2%	100.0%
2007	W/S Government	8.3%	8.1%	10.6%	14.4%	17.0%	18.7%	14.2%	4.8%	8.6%	11.7%	13.4%	12.8%	48.7%	100.0%
2007	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	8.3%	15.1%	15.6%	13.2%	10.7%	37.1%	100.0%
2012	Self-Employed	14.3%	11.8%	10.8%	10.5%	10.6%	12.6%	11.9%	13.7%	17.3%	14.3%	11.1%	8.7%	34.9%	100.0%
2012	W/S Private	71.6%	74.7%	72.0%	68.2%	63.8%	60.9%	67.5%	12.1%	19.4%	16.9%	12.7%	9.3%	29.7%	100.0%
2012	W/S Non-profit	5.3%	5.0%	6.0%	6.7%	7.6%	8.0%	6.6%	9.1%	13.1%	14.3%	12.6%	11.2%	39.7%	100.0%
2012	W/S Government	8.8%	8.6%	11.2%	14.6%	18.1%	18.6%	14.0%	7.1%	10.7%	12.7%	13.1%	12.6%	43.7%	100.0%
2012	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	11.4%	17.5%	15.8%	12.5%	9.8%	33.0%	100.0%
2016	Self-Employed	15.2%	12.7%	10.7%	10.5%	10.5%	13.0%	12.2%	11.4%	15.7%	13.7%	10.8%	9.0%	39.4%	100.0%
2016	W/S Private	71.0%	73.9%	72.7%	69.1%	66.7%	62.2%	67.8%	9.6%	16.6%	16.7%	12.8%	10.3%	34.0%	100.0%
2016	W/S Non-profit	5.0%	4.9%	5.5%	6.5%	6.4%	7.6%	6.4%	7.2%	11.6%	13.5%	12.9%	10.6%	44.2%	100.0%
2016	W/S Government	8.7%	8.6%	11.0%	13.9%	16.4%	17.3%	13.7%	5.9%	9.5%	12.6%	12.8%	12.6%	46.7%	100.0%
2016	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	9.2%	15.2%	15.6%	12.6%	10.5%	37.0%	100.0%

Source: Analysis of ACS data, IPUMS-USA, University of Minnesota, www.ipums.org

Table 21: Industry of Employment by Income to Poverty Ratio, Persons Ages Working in the Previous 5 Years, California

Year	Industry	1-99%	100-199%	200-299%	300-399%	400-499%	500%+	Total	1-99%	100-199%	200-299%	300-399%	400-499%	500%+	Total
2007	Lower Wage	41.4%	36.5%	31.5%	26.8%	22.9%	16.4%	25.9%	13.3%	21.2%	18.9%	13.7%	9.5%	23.4%	100.0%
2007	Blue Collar Middle Class	29.9%	36.0%	34.4%	32.3%	30.5%	26.9%	30.8%	8.1%	17.6%	17.4%	13.9%	10.6%	32.4%	100.0%
2007	Healthcare	9.8%	9.5%	10.6%	10.6%	10.9%	11.2%	10.6%	7.6%	13.5%	15.5%	13.1%	11.0%	39.2%	100.0%
2007	White Collar Middle Class	10.5%	8.8%	11.5%	14.5%	17.3%	19.3%	14.9%	5.8%	8.8%	12.1%	12.8%	12.4%	48.0%	100.0%
2007	Higher Wage	8.4%	8.8%	11.5%	15.3%	17.8%	25.8%	17.3%	4.0%	7.7%	10.3%	11.7%	11.1%	55.2%	100.0%
2007	Active Duty Military	0.1%	0.4%	0.5%	0.6%	0.6%	0.4%	0.4%	2.2%	13.9%	18.0%	18.2%	14.3%	33.5%	100.0%
2007	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	8.5%	15.2%	15.6%	13.2%	10.7%	36.9%	100.0%
2012	Lower Wage	40.3%	38.9%	31.8%	27.0%	22.4%	15.5%	27.1%	16.9%	25.1%	18.5%	12.5%	8.1%	18.9%	100.0%
2012	Blue Collar Middle Class	29.7%	31.4%	31.2%	28.9%	27.6%	24.9%	28.3%	11.9%	19.4%	17.4%	12.8%	9.5%	29.0%	100.0%
2012	Healthcare	10.2%	10.7%	11.8%	12.5%	12.8%	13.1%	12.0%	9.6%	15.6%	15.5%	13.0%	10.4%	36.0%	100.0%
2012	White Collar Middle Class	11.0%	9.7%	12.8%	15.8%	18.5%	20.1%	15.4%	8.1%	11.0%	13.2%	12.9%	11.8%	43.0%	100.0%
2012	Higher Wage	8.7%	8.9%	11.9%	15.1%	18.1%	25.9%	16.6%	5.9%	9.3%	11.3%	11.4%	10.6%	51.4%	100.0%
2012	Active Duty Military	0.1%	0.4%	0.6%	0.8%	0.6%	0.4%	0.5%	3.1%	16.0%	19.2%	21.7%	12.1%	27.9%	100.0%
2012	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	11.9%	17.6%	15.8%	12.5%	9.7%	32.5%	100.0%
2016	Lower Wage	40.3%	39.1%	33.6%	28.1%	25.0%	15.9%	26.9%	13.7%	22.1%	19.5%	13.1%	9.7%	21.9%	100.0%
2016	Blue Collar Middle Class	28.0%	31.9%	31.0%	29.8%	27.7%	24.8%	28.1%	9.1%	17.2%	17.2%	13.3%	10.4%	32.7%	100.0%
2016	Healthcare	10.1%	10.2%	11.4%	12.8%	12.4%	13.1%	12.0%	7.7%	12.9%	14.8%	13.4%	10.8%	40.3%	100.0%
2016	White Collar Middle Class	12.1%	10.2%	12.9%	14.9%	17.8%	18.9%	15.4%	7.2%	10.1%	13.0%	12.2%	12.2%	45.4%	100.0%
2016	Higher Wage	9.3%	8.2%	10.6%	13.9%	16.6%	27.0%	17.2%	5.0%	7.2%	9.6%	10.1%	10.1%	58.0%	100.0%
2016	Active Duty Military	0.3%	0.4%	0.5%	0.5%	0.5%	0.3%	0.4%	6.0%	15.2%	19.7%	16.2%	14.1%	28.9%	100.0%
2016	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	9.5%	15.3%	15.6%	12.5%	10.4%	36.7%	100.0%

Source: Analysis of ACS data, IPUMS-USA, University of Minnesota, www.ipums.org

Table 22: Usual Weekly Hours Worked by Income to Poverty Ratio, Employed Persons Age 16 and Over, California

Year	Weekly Hours	1-99%	100-199%	200-299%	300-399%	400-499%	500%+	Total	1-99%	100-199%	200-299%	300-399%	400-499%	500%+	Total
2007	1-29	34.4%	18.2%	14.3%	13.4%	13.4%	12.4%	15.3%	15.6%	17.4%	14.6%	11.8%	9.6%	31.1%	100.0%
2007	30-40	55.6%	67.8%	67.7%	66.1%	62.2%	54.6%	61.0%	6.3%	16.3%	17.3%	14.6%	11.1%	34.3%	100.0%
2007	41-60	8.5%	12.3%	15.9%	18.1%	21.8%	29.5%	21.0%	2.8%	8.6%	11.8%	11.6%	11.4%	53.8%	100.0%
2007	61+	1.4%	1.8%	2.1%	2.4%	2.6%	3.5%	2.6%	3.8%	9.9%	12.3%	12.2%	10.9%	50.9%	100.0%
2007	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	12.4%	18.7%	16.2%	12.6%	9.7%	30.3%	100.0%
2012	1-29	42.5%	23.8%	17.9%	16.2%	15.4%	12.8%	18.9%	20.6%	21.5%	15.1%	11.0%	8.2%	23.5%	100.0%
2012	30-40	49.2%	63.3%	66.1%	65.2%	63.1%	56.1%	60.2%	7.5%	18.0%	17.6%	14.0%	10.6%	32.4%	100.0%
2012	41-60	7.2%	11.1%	14.1%	16.7%	19.5%	28.2%	18.7%	3.5%	10.1%	12.0%	11.5%	10.5%	52.3%	100.0%
2012	61+	1.1%	1.7%	1.9%	2.0%	2.0%	2.9%	2.2%	4.6%	13.5%	14.0%	11.6%	9.5%	46.8%	100.0%
2012	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	16.9%	20.3%	15.8%	11.7%	8.8%	26.7%	100.0%
2016	1-29	41.0%	23.0%	17.8%	15.6%	14.3%	12.6%	17.7%	17.6%	19.4%	15.8%	11.2%	8.7%	27.2%	100.0%
2016	30-40	50.3%	64.2%	66.6%	66.0%	63.8%	56.7%	60.8%	6.3%	15.8%	17.2%	13.8%	11.3%	35.7%	100.0%
2016	41-60	7.6%	11.3%	13.9%	16.5%	19.7%	27.8%	19.3%	3.0%	8.8%	11.3%	10.9%	11.0%	55.1%	100.0%
2016	61+	1.1%	1.4%	1.8%	2.0%	2.2%	3.0%	2.2%	3.9%	9.8%	12.6%	11.6%	10.7%	51.4%	100.0%
2016	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	7.6%	14.9%	15.7%	12.8%	10.8%	38.3%	100.0%

Source: Analysis of ACS data, IPUMS-USA, University of Minnesota, www.ipums.org

Jobs & Wages

California's Changing Economic Structure

More so than most states, California's economy has gone through a continuing cycle of restructuring, renewal, and expansion generating new and frequently upwardly mobile opportunities for both residents and, until recently, the constant net flows of population from other states and countries. Driven largely by the ability of the state's entrepreneurs to embrace and commercialize new technologies, California has been home to a continuing series of nationally and internationally dominant industry centers that grew, evolved, and spawned successors over the years. As critically, these centers historically spread jobs and income growth to adjoining regions in the state through expansions and development of supply, back office, and support industry networks.

Recovery since the Great Recession has seen a different pattern emerge. California generated 2.2 million wage and salary jobs between 2010 when the recovery began and 2016, an outcome noted by some as demonstration that the state's high regulation and high tax business environment remains a viable model for jobs growth. However, the nature and distribution of those jobs have shifted notably from patterns in the past. As detailed in the data discussions that follow:

- Job creation in general and higher wage jobs in particular have been concentrated in the Bay Area to an extraordinary degree, rather than a more balanced distribution providing income and upward mobility bridge jobs to those in poverty and the working poor more broadly in the state. As critically, the high tech and information-based jobs center behind the Bay Area's growth has largely remained within that region. Rather than spreading to adjacent regions as in past development patterns, related middle class jobs creation in associated manufacturing, support businesses, back office functions, and supply networks has instead moved to other states and other nations with lower costs and offering the regulatory flexibility required for business models based on constant innovation and rapid market change.
- Job growth in other regions of the state has instead been dominated by two sources: (1) lower wage industries, in particular those under Leisure & Hospitality, and (2) jobs reliant on government spending including both direct government jobs and indirectly expansion in Healthcare & Social Assistance through increased public spending on health and welfare services. While the Healthcare component represents a broader continuum of wage and skill levels providing one of the primary upward mobility paths remaining in the state's economy, the current number of those jobs has become reliant on an increasingly volatile state government revenue stream, itself heavily dependent on the continued economic performance of a single region—again the Bay Area—in the state.
- As reflected in the previous section's data on income distribution, more traditional middle class wage jobs have declined or shown considerably lower growth compared to the pre-recession period. While growth has occurred in other middle-class wage industries such as Transportation & Warehousing, these replacements have not matched the jobs lost in terms

of numbers, wage levels, and average weekly hours. These remaining sources of upward mobility bridge jobs instead provide access for a smaller share of the state’s population while providing comparatively lower income potential to deal with the growing cost of living.

Jobs by Industry



To simplify some of the presentation, industries are classified as follows according to general wage and skills level, similar to the groupings used in the previous chapter:

- **Lower Wage**—jobs in industries paying less than \$40,000 a year on average and generally requiring less than a college degree. Covers: Total Farm, Accommodations, Food Services, Other Services, Retail Trade, and Social Assistance.
- **Middle Class Wage, Blue Collar**—jobs in industries paying over \$40,000 a year on average but generally requiring less than a college degree. Covers: Administrative & Support & Waste Services, Construction, Manufacturing, Mining & Logging, Transportation & Warehousing, Utilities, and Wholesale Trade.
- **Middle Class Wage, White Collar**—jobs in industries paying over \$40,000 a year on average but generally requiring some college or a college degree. Covers: Arts, Entertainment & Recreation, Educational Services, and Real Estate & Rental & Leasing.
- **Higher Wage**—higher wage jobs in industries generally requiring a college degree. Covers: Finance & Insurance, Information, Management of Companies & Enterprises, and

Professional, Scientific & Technical Services. In the 2016 data, these four industries had average annual wages of \$111,900 and above.

- Health Care—combines many traditional middle class jobs along with lower wage and others requiring some of the highest educational levels. In the 2016 data, average annual wage was \$64,600.
- Government—government jobs covering federal, state, and local agencies. In the 2016 data, average annual wage was \$66,200.

Note, however, that the industry levels used vary somewhat in the discussions that follow according to the different data series used and the different levels of disaggregation available in each one. For the discussion in this section, job numbers are taken from the monthly survey data from the Current Employment Survey series. General wage data is taken from the more detailed Quarterly Census of Employment & Wages for the generally comparable industry groupings. In this data view, average annual wages are a combination metric reflecting both average hours worked and average hourly wage level.

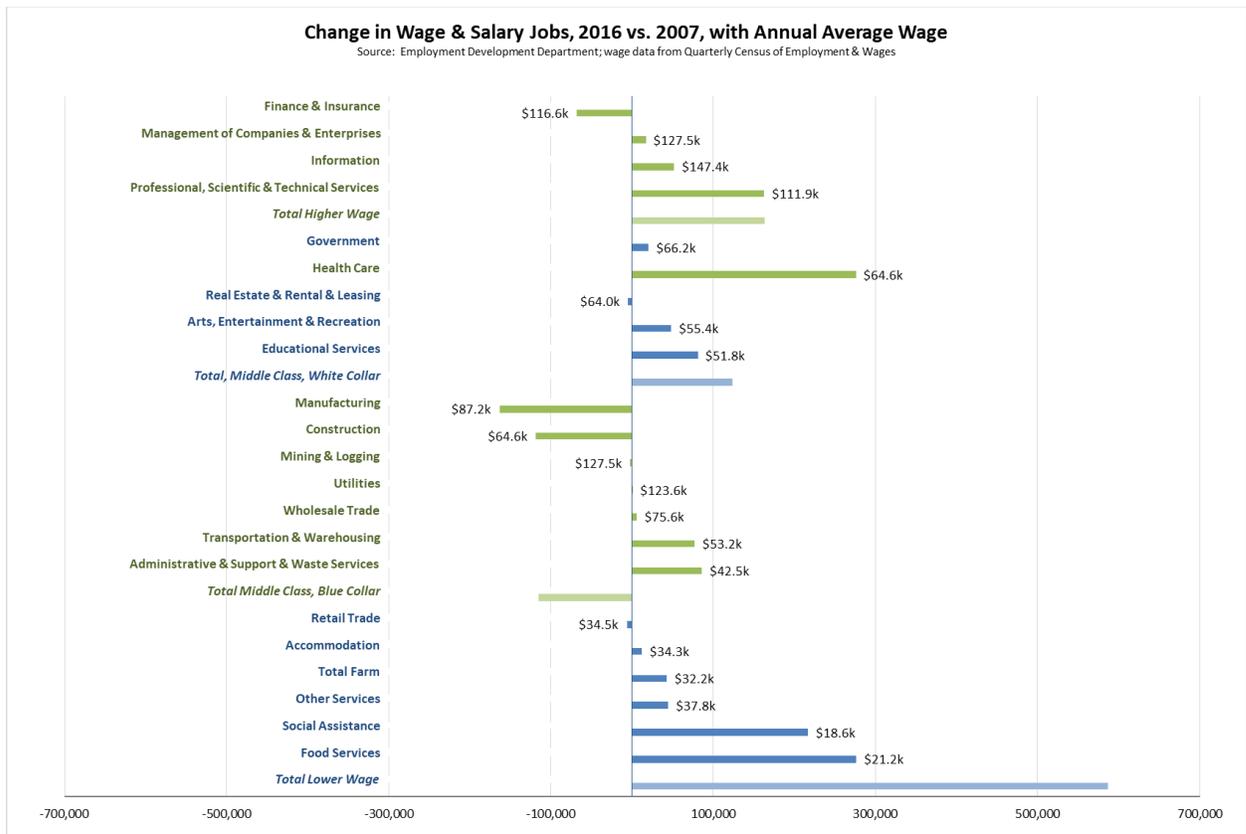
Within this general framework, the figure above illustrates:

- The most significant shift since 2001 has been within the lower educational skill categories, with Middle Class, Blue Collar dropping from 31.2% to 26.6% and Lower Wage rising from 25.9% to 29.5%.
- The next most significant change was in Health Care, providing a much broader mix of lower wage, upward mobility, and higher wage jobs.
- On a relative basis, the bottom two wage/skill categories saw the sharpest contraction during the past recession. Combined, Middle Class, Blue Collar and Lower Wage went from 56.9% of the jobs mix in 2007, to 54.8% in the trough year of 2010. These two categories have yet to recover their previous share, but more significantly as indicated in the previous point, Lower Wage jobs have expanded faster than Middle Class, Blue Collar. As a result, while job opportunities for lower educational attainment groups have expanded during the state's recovery, they are at significantly lower wage levels. The opportunities this economic mix now provides to avoid poverty—especially cost of living adjusted poverty—and pursue upward mobility are as a consequence significantly diminished.

The more significant structural changes can be seen by looking at how jobs have changed compared to the pre-recession mix in 2007.

From the figure below:

- Between 2010 when the recovery began and 2016, California's job recovery created 2.2 million jobs. Of this amount, the net job expansion compared to the previous high in 2007, however, was 1.1 million jobs, distributed by industry as shown in the figure above.



- The largest structural shift in jobs was in the Lower Wage industries, accounting for 56% of the net jobs expansion. And of these jobs, most were in the two lowest wage industries, Food Services (2016 average annual wage of \$21,200) and Social Assistance primarily composed of In-Home Supportive Services (IHSS) workers (\$18,600).
- Health Care (\$64,600) produced the second highest contribution to the structural shift, accounting for 26% of the net jobs growth.
- Higher Wage jobs accounted for 16% of net jobs expansion, primarily from Professional, Scientific & Technical Services (\$111,900).

Countering this growth, Middle Class, Blue Collar jobs remained 115,000 below the 2007 level. However, there were significant shifts as well within this wage category. Manufacturing (\$87,200) and Construction (\$64,600) combined were 282,000 below, and were replaced by jobs in blue collar industries still paying middle class wage levels but at substantially lower levels primarily in Transportation & Warehousing (\$53,200) and Administration & Support & Waste Services (\$42,500).

In addition to wage level, jobs growth since the recession has varied widely by region. As shown in Table 23, the Bay Area with 19.4% of the state's population accounted for 30.2% of the total jobs

growth during the recovery period since 2010, and 46.2% of the net jobs expansion when compared to the pre-recession levels in 2007. Upstate California and Central Sierra regions still had not achieved full jobs recovery in 2016, while only Orange County and Inland Empire performed near their population share in jobs recovery but still lagged on jobs expansion.

Table 23: Distribution of Wage & Salary Jobs Growth by Region

Region	Share of Jobs Growth		Population Share
	2010-2016	2007-2016	2016
Bay Area	30.2%	46.2%	19.4%
Central Coast	2.3%	3.2%	2.7%
Central Sierra	0.2%	-0.2%	0.5%
Central Valley	8.5%	9.9%	10.8%
Inland Empire	11.3%	9.8%	11.4%
Los Angeles	23.9%	15.4%	29.3%
Orange County	9.2%	5.1%	8.1%
Sacramento	4.9%	1.6%	6.0%
San Diego/Imperial	8.2%	9.2%	8.8%
Upstate California	1.3%	-0.1%	2.9%
Total	100.0%	100.0%	100.0%

Source: Employment Development Department, Quarterly Census of Employment & Wages; distribution based on sum of county totals

Breaking these regional numbers down further to show relative changes by general wage/skill level is more difficult due to the widely differing levels of disaggregation available from the primary data sources. Due to varying sample size in the survey data along with nondisclosure procedures followed in all the data sources, data at the county and regional level varies widely.

Table 24: Distribution of Wage & Salary Jobs by General Wage/Skills Level, Share of State Change from 2007 to 2016

Data Source	Middle Class, Blue Collar			Middle Class, White Collar		Health Care	Government	Higher Wage	
	growing QCEW**	growing CES**	losing QCEW*	growing QCEW*	losing QCEW**	growing QCEW*	growing QCEW*	growing QCEW*	losing QCEW**
California Net Change	31,200	83,600	-275,600	95,500	-7,800	282,700	6,400	219,100	-90,100
Bay Area	70%	15%	5%	31%	1%	19%	81%	84%	17%
Central Coast	9%	1%	1%	1%	8%	n/a	56%	-1%	2%
Central Valley	13%	23%	9%	2%	13%	n/a	245%	-2%	6%
Inland Empire	0%	50%	14%	5%	16%	12%	142%	-3%	5%
Los Angeles	-27%	18%	47%	24%	-9%	29%	-296%	5%	38%
Orange County	5%	-9%	10%	18%	7%	10%	-25%	7%	12%
Sacramento	41%	-2%	7%	1%	20%	n/a	-210%	-2%	11%
San Diego/Imperial	-17%	0%	3%	12%	34%	11%	145%	2%	7%

Source: Employment Development Department; distribution base varies by data coverage: *California net change, **sum of County totals

Table 24 provides a base for analysis of this factor from the best available data, showing the distribution of the structural shifts using distributions derived from the Current Employment Survey (CES) and Quarterly Census of Employment & Wages (QCEW). Note that these data series in

Table 24 are not fully comparable across industry groupings due to these data series shifts, but the columns in Table 24 have been compiled to roughly conform to the categories shown above for the state. The Table also focuses on the upward mobility job categories rather than the lower wage categories for which disaggregated data at the county level is less available. Data for the smaller counties also is generally only at much higher aggregated levels, and the table covers only the regions and categories for which adequate data is available.

From Table 24:

- The shift away from Middle Class, Blue Collar jobs (losing: Construction and Manufacturing) has been concentrated especially in the Los Angeles Region, while the Bay Area, Central Coast, and San Diego/Imperial saw significantly lower relative shares of the total state losses. The expanding portion (QCEW growing: Administrative & Support & Waste Services; CES growing: Transportation, Warehousing & Utilities and Wholesale Trade) similarly took place outside the Los Angeles Region, with much higher relative shares occurring in the Bay Area, Inland Empire (for CES growing), Central Valley (CES growing), and Sacramento (QCEW growing).
- The expanding Middle Class, White Collar jobs (growing: Arts, Entertainment & Recreation and Educational Services) evidenced more even distribution among the regions, but with Bay Area, Orange County, and San Diego/Imperial showing higher shares relative to their population share, and Central Valley, Inland Empire, and Sacramento coming in lower. The declining portion of this category (losing: Real Estate & Rental & Leasing) showed overall considerably lower losses than the other groupings.
- Health Care as expected tracked population share closer than the other categories, while Government showed much wider variation by region but with considerably lower gain level for the state as a whole. The primary factor affecting the large differences was change in employment by local education agencies.
- The expanding Higher Wage jobs (growing: Information, Management of Companies & Enterprises, and Professional, Scientific & Technical Services) were concentrated to a high degree in the Bay Area—84% of the total jobs expansion. Orange County is the only other region coming close to its relative population share, while losses were seen in Central Coast, Central Valley, Inland Empire, and Sacramento. The declining component (losing: Finance & Insurance) saw much higher losses in Los Angeles Region, while lower cost Central Valley and Inland Empire experienced not as deep of cuts relative to population share.

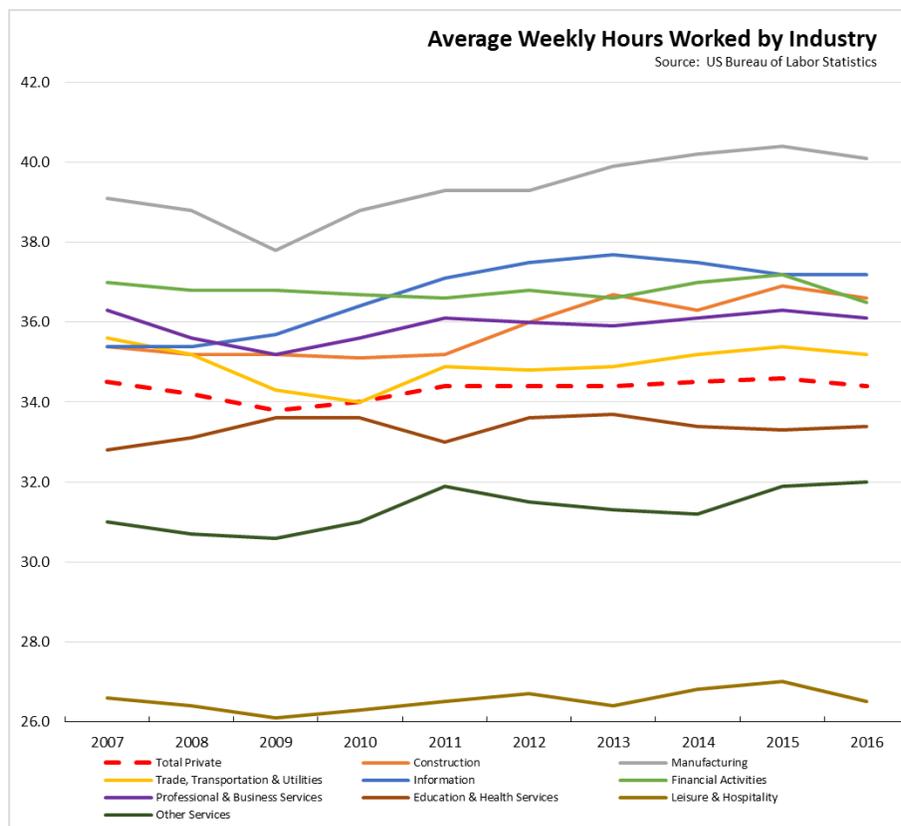
Overall, the Bay Area not only secured 46% of the net jobs expansion since 2007, this region also shows: (1) higher relative growth in the expanding and lower relative losses/higher retention in the contracting middle class wage industries providing the bridge to upward mobility and (2) significantly higher relative growth to the point of dominance in the higher wage industries upward mobility leads to. Los Angeles Region exhibits the opposite trends, but with significantly deeper relative cuts in the declining Middle Class wage industries. Other than much higher relative growth in the trade-related Transportation, Warehousing & Utilities industry, the lower income Inland

Empire and Central Valley show low expansion in the other Middle Class wage components, and negative growth in the expanding Higher Wage industries.

As indicated, expansion of Health Care jobs tracks more closely with population share than the other industry groupings. Based on average annual wage (\$64,600 in 2016), this industry tracks closer to the Middle Class Wage components, but more than the other industries, provides jobs with a wider range of pay and skill levels, from lower wage to traditional middle class occupations to highly paid professions. As such, this industry has increased its role as the upward mobility bridge in regions outside the Bay Area.

Along with the associated lower wage Social Assistance, the combined Health Care & Social Assistance industry also produced the largest number of both jobs recovery since 2010 and net jobs expansion compared to 2007. By total number of jobs, since 2001 this combined industry has eclipsed both Retail Trade and Manufacturing to become the state's second largest industry just below Government.

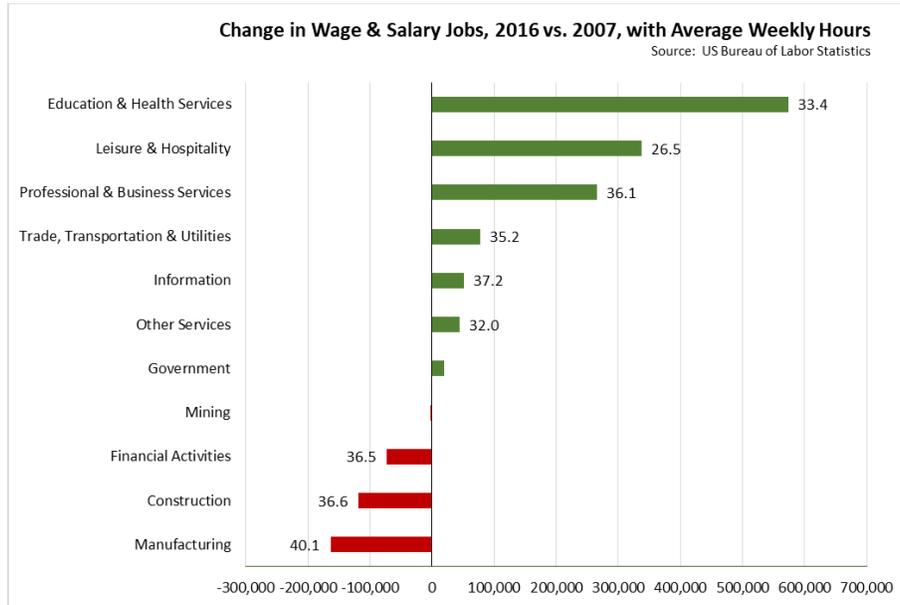
Jobs by Average Weekly Hours

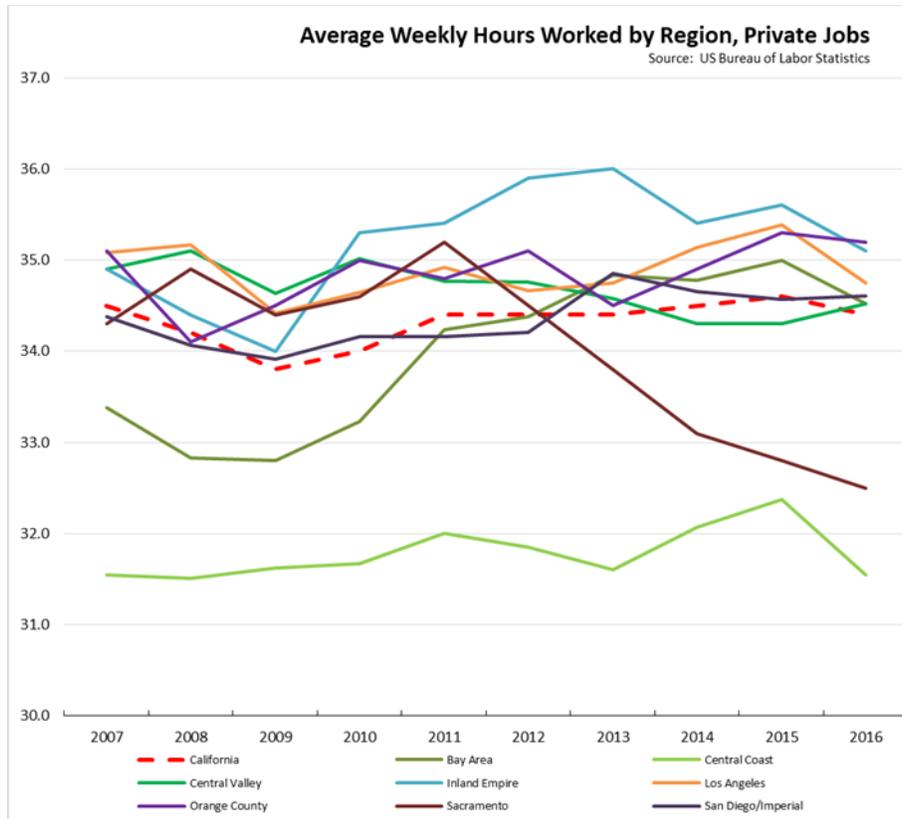


While the previous sections looked at average annual wage, some additional data at a more aggregated level provides further insights by breaking down the industries by both hours worked

and hourly pay levels. The data primarily covers all employees, although more limited break downs are also available for Manufacturing and Information for production employees alone.

As shown in the figure above, data on weekly hours by industry is available on a somewhat more aggregated industry level than in the previous sections. Overall, Private wage and salary jobs in California provide weekly hours near the general full time standard of 35+ hours, ranging from 33.8 to 34.6 hours in the period shown. The differences, however, vary widely across industries.

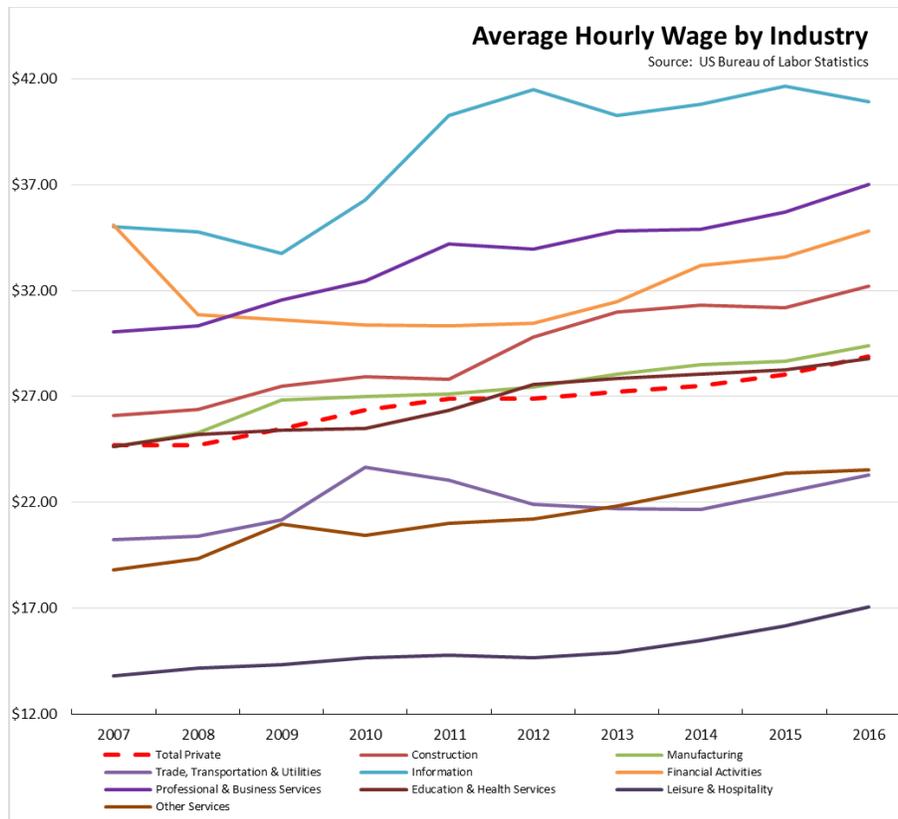




More specifically, the structural changes since 2007 have seen higher hour jobs replaced with a growing share from part time jobs, as illustrated in the first figure above. As a result, even though the state’s unemployment rate has continued to decline and the total number of jobs has continued to rise, a significant portion has been less than full-time, decreasing the potential income per household and thereby the ability of the current economic mix to raise households up the economic ladder.

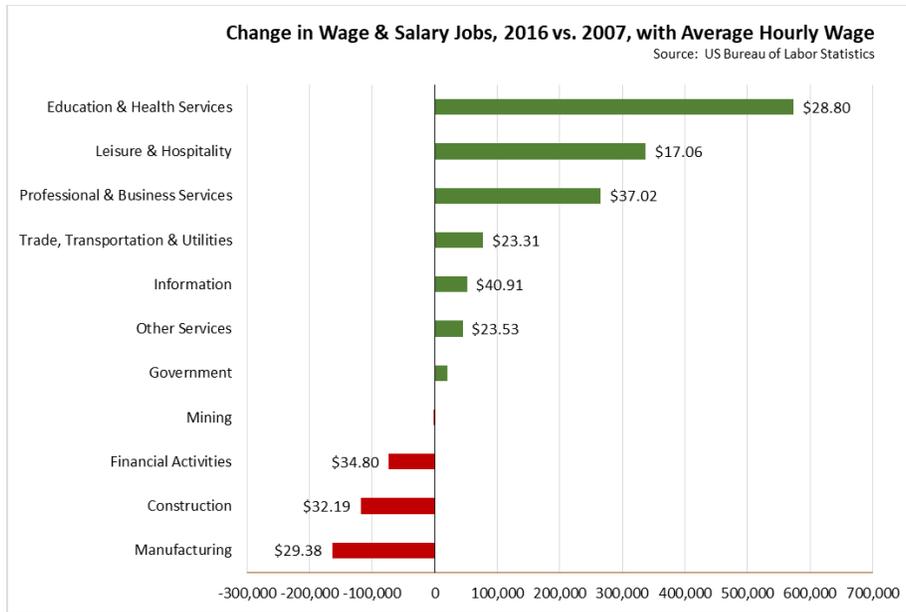
Considered by region, some differences have arisen in recent years, but most of the larger regions converged at or above the state average by 2015. The key outliers, however, are Sacramento Region and the Central Coast, both of which contain industry mixes with significantly lower average weekly hours.

Jobs by Average Hourly Wage



Following a period of slow or no growth, average hourly wages (private, all employees) in California began rising in 2015 and 2016. However, the rate and average wage level across industries vary widely, as shown in the figure above.

These industry differences are reflected in the structural changes previously discussed, as illustrated in the following figure. Average wages in the two highest job expansion industries are lower (Education & Health Services) or significantly lower (Leisure & Hospitality) than the industry jobs that have been replaced (Financial Activities, Construction, and Manufacturing). As critically, the primary expanding Middle Class, Blue Collar industry (Trade, Transportation & Utilities) has substantially lower average wages than the Blue Collar jobs being replaced. While Middle Class wage jobs are still being created for lower skill levels, they are fewer in number, do not replace the numbers that have been lost, and provide fewer hours at lower pay rates. The ability of households dependent on these jobs—especially workers with lower educational attainment levels—to keep pace with the state’s growing cost of living is therefore more limited, especially in the higher cost coastal counties.



Jobs by Wage Distribution

The previous data showed general wages based on the overall average by industry, but each industry provides a different mix of wage levels depending on occupations, skills, tenure, and other factors. Additional breakdowns showing wage distribution by industry are available on the national level through the Occupational Employment Statistics (OES) survey maintained by the US Bureau of Labor Statistics, but the Bureau has also begun publishing an experimental data series to provide comparable data on the state level beginning in 2012. The state information remains experimental and is not an official series maintained by the Bureau, but the data does provide insights into how wage mixes have changed across industries through much of the period covered in this report.

Wage data by industry for California in 2016 is shown in Table 25, indicating wage levels by percentile. For example, the 10th percentile wage for Manufacturing was \$10.78 an hour, meaning 10 percent earned less than \$10.78 and 90 percent earned more. The median—50 percent earned less and 50 percent earned more—was \$20.94.

During the period 2012-2016, the California minimum wage went from \$8 an hour to \$9 in 2014 and \$10 in 2016, an average annual increase of 5.7%. As shown in Table 25, this increase essentially set the 10th percentile level for the Lower Wage industries, but also Administrative & Support & Waste Management and Arts, Entertainment, & Recreation as well. As the mandated level continues increasing to \$15 and above beginning in 2022, this requirement will begin affecting an increasing share of the employment primarily in the Middle Class, Lower Wage, and Health Care industries, both directly through the mandated wage and through additional payroll escalation as wage compaction across the wage levels becomes more significant. While workers receiving the higher wage will benefit, this process will result in additional cost pressures on the key employment opportunities for upward mobility.

Table 25: Hourly Wage Percentile by Industry, 2016

Industry	10 th	25 th	Median (50 th)	75 th	90 th
<i>Higher Wage</i>					
Information	\$13.05	\$20.64	\$34.24	\$54.40	\$78.64
Management of Companies & Enterprises	15.75	22.56	35.83	57.24	82.53
Professional, Scientific & Technical Services	14.92	22.51	36.31	57.67	81.20
Finance & Insurance	13.48	17.93	26.79	43.57	71.51
<i>Government</i>					
Federal, State, & Local Government	15.94	21.91	31.40	44.51	57.88
<i>Health Care</i>					
Health Care & Social Assistance	11.17	14.38	22.20	38.45	59.68
<i>Middle Class, White Collar</i>					
Arts, Entertainment, & Recreation	10.01	10.80	13.92	22.84	37.37
Educational Services	12.35	16.92	24.58	37.91	49.94
Real Estate & Rental & Leasing	10.55	13.03	18.24	27.46	44.33
<i>Middle Class, Blue Collar</i>					
Administrative & Support & Waste Management	10.01	11.16	14.51	22.24	34.93
Transportation & Warehousing	11.17	14.24	19.64	27.88	35.64
Utilities	23.43	32.94	42.96	55.06	64.47
Wholesale Trade	11.04	14.08	20.78	33.42	56.32
Construction	13.58	17.75	25.19	35.46	48.25
Manufacturing	10.78	13.61	20.94	37.11	62.84
Mining, Quarrying, & Oil & Gas Extraction	15.69	21.15	29.35	43.37	61.08
<i>Lower Wage</i>					
Accommodation & Food Services	10.01	10.16	11.49	14.53	20.99
Agriculture, Forestry, Fishing & Hunting	10.00	10.01	10.83	12.09	17.14
Other Services (except Public Administration)	10.01	11.24	15.35	24.25	36.91
Retail Trade	10.01	10.56	12.60	18.55	26.96

Source: US Bureau of Labor Statistics, OES Research Estimates by State & Industry

Note: Educational Services includes public schools; Health Care & Social Assistance includes public hospitals; Government excludes this employment

Table 26 indicates how these wage levels have changed, expressed as the average annual growth rate over the period 2012-2016. As detailed more in the next chapter, the California Consumer Price Index (CPI) grew at an average annual rate of 1.8% during this period. Applying this standard to the wage growth rates in Table 26 identifies which industries and wage levels kept pace with or bettered the cost of living in California, and which (the shaded cells in Table 26) did not.

From Table 26:

- Considered as wage growth below the increase in cost of living, wage stagnation is the most prevalent in the Middle Class wage industries, particularly in the middle ranges from the 25th to 75th percentiles, but in many cases also extending up to the 90th. These industries are generally traditional, more mature businesses that are generally more subject to the cost pressures from the state's regulatory and taxation policies affecting labor, energy, transportation, rent, and other basic costs of doing business. The weakness of wage growth in the mid-range comes on top of the shrinking contribution of these industries to overall

jobs expansion, further reducing the availability of the traditional avenues for upward mobility.

Table 26: Hourly Wage Percentile, Average Annual Growth, 2012-2016

Industry	10 th	25 th	Median (50 th)	75 th	90 th
<i>Higher Wage</i>					
Information	0.8%	1.3%	2.0%	2.9%	2.2%
Management of Companies & Enterprises	2.7%	3.2%	4.2%	4.9%	3.9%
Professional, Scientific & Technical Services	1.3%	1.8%	1.7%	2.3%	2.2%
Finance & Insurance	1.4%	1.7%	2.0%	2.3%	2.9%
<i>Government</i>					
Federal, State, & Local Government	3.0%	2.3%	2.2%	2.7%	2.7%
<i>Health Care</i>					
Health Care & Social Assistance	2.0%	1.6%	2.2%	2.0%	2.4%
<i>Middle Class, White Collar</i>					
Arts, Entertainment, & Recreation	3.6%	3.3%	1.4%	1.1%	1.0%
Educational Services	1.1%	0.9%	0.7%	1.3%	2.0%
Real Estate & Rental & Leasing	3.4%	2.8%	2.6%	2.7%	3.1%
<i>Middle Class, Blue Collar</i>					
Administrative & Support & Waste Management	3.2%	2.4%	1.4%	1.6%	1.2%
Transportation & Warehousing	0.6%	0.0%	-0.5%	0.7%	0.6%
Utilities	3.7%	2.6%	3.4%	3.6%	2.6%
Wholesale Trade	2.7%	1.5%	1.5%	1.5%	2.6%
Construction	1.4%	1.1%	0.6%	0.4%	1.5%
Manufacturing	3.2%	1.7%	1.3%	1.4%	2.3%
Mining, Quarrying, & Oil & Gas Extraction	0.3%	0.7%	0.9%	2.8%	1.3%
<i>Lower Wage</i>					
Accommodation & Food Services	4.4%	3.8%	5.3%	5.8%	5.0%
Agriculture, Forestry, Fishing & Hunting	4.6%	3.8%	4.5%	4.7%	4.5%
Other Services (except Public Administration)	3.3%	2.8%	1.6%	1.9%	1.9%
Retail Trade	3.8%	3.3%	1.9%	1.5%	2.2%

Source: US Bureau of Labor Statistics, OES Research Estimates by State & Industry
Note: Educational Services includes public schools; Health Care & Social Assistance includes public hospitals; Government excludes this employment;
Highlighted cells indicates wage growth rates below the 1.8% average annual increase in the California CPI.

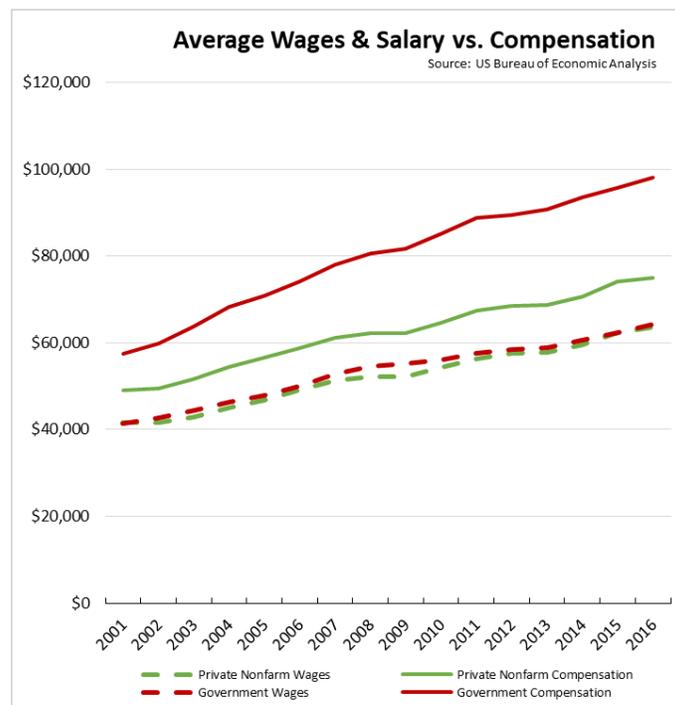
- Wage stagnation is also evident in the Higher Wage industries, but primarily in the lower wage tranches particularly for the Information and Professional, Scientific & Technical Services industries that have provided the primary growth at this level.
- In contrast, the Lower Wage industries generally show higher wage growth. These include the two industries starting with the 10th percentile closest to the \$8.00 minimum wage in 2012: Agriculture, Forestry, Fishing & Hunting (\$8.35 in 2012) and Accommodation & Food Services (\$8.42). The high rate of wage growth at the 10th percentile therefore comes primarily as the result of increasing minimum wage and not necessarily productivity growth that would sustain these costs without price increases. As shown in the wage growth in the

subsequent percentiles, these same two industries also illustrate the kind of wage response generated as a result of wage compaction. While this cascading effect shows general wage improvement across all levels, the result, as discussed in the next chapter, has also produced higher costs especially those felt at the lower income levels.

Jobs by Compensation

Wages, however, are only a portion of total payments to labor. Largely due to favorable tax treatments but also as a result of cost efficiencies possible through group programs, both employees and employers have turned to increased use of benefits as part of total compensation. In fact, the survey of lower-income Californians conducted as part of this overall project (Vision Strategy & Insights, 2017) found that given a choice between a job with benefits or a job with higher pay, 59% would choose the benefits.

For the state as a whole, the structural shifts in the economy away from jobs providing higher benefits has resulted in a small shift in the compensation component provided by benefits. In 2007, US Bureau of Economic Analysis data shows benefits for Private Nonfarm (full and part-time) employees went from 19% of wages and salaries in 2007, to 18% in 2016. In this same period, benefits for Government (federal, state, and local) employees went from 48% to 53%.



The average amounts by industry and general wage/skills levels are contained in Table 27. This table was developed from US Bureau of Economic Analysis data, with the benefits portion broken down into two components. The Social Insurance amount was calculated by applying the 2016 employer tax rates for OASDI and Medicare to the average wage and salary level. The

Pensions/Insurance Funds component was then calculated by subtracting these amounts from the average compensation amount. This exercise provides an estimate of the amount provided on average within each industry for non-mandated benefits such as pensions, health insurance, life insurance, and related items. Note that Table 27 does not include monetary estimates for other employee benefits such as education reimbursement, differing levels of paid time off, on-site services such as subsidized meals and child care, and for government employees, the property value of their employment status.

Combining this analysis with the previous discussions, the structural shifts in the economy are providing fewer opportunities to secure the benefits employees prefer, especially for lower educational level workers. The industries showing jobs declines since 2007—especially Manufacturing and Mining—have significantly higher benefit levels than the industries at these skill levels that are growing. The Lower Wage industry jobs which provided 56% of the net jobs expansion since 2007 provide benefits at only one-half to one-quarter of the level for the jobs that have been lost.

Table 27: Average Wages/Salary & Estimated Compensation by Industry, 2016

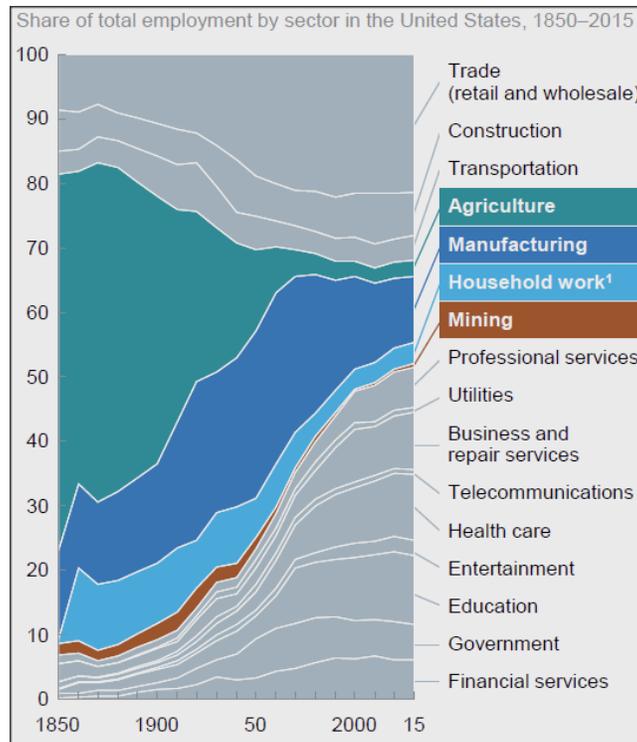
	Wages & Salary	Social Insurance	Pensions/ Insurance	Total Compensation
Finance & Insurance	\$117,200	\$8,970	\$ 9,830	\$136,000
Information	149,100	9,070	9,130	167,300
Management of Companies & Enterprises	130,200	9,070	11,630	150,900
Professional, Technical & Scientific Services	113,000	8,640	5,960	127,600
<i>Total Higher Wage</i>	<i>122,900</i>	<i>9,070</i>	<i>7,730</i>	<i>139,700</i>
Government	64,200	4,910	28,990	98,100
<i>Total Government</i>	<i>64,200</i>	<i>4,910</i>	<i>28,990</i>	<i>98,100</i>
Health Care	65,900	5,040	8,860	79,800
<i>Total Health Care</i>	<i>65,900</i>	<i>5,040</i>	<i>8,860</i>	<i>79,800</i>
Real Estate & Rental & Leasing	65,100	4,980	5,020	75,100
Arts, Entertainment & Recreation	59,400	4,540	4,460	68,400
Educational Services	46,200	3,530	8,270	58,000
<i>Total Middle Class, White Collar</i>	<i>55,800</i>	<i>4,270</i>	<i>6,130</i>	<i>66,200</i>
Construction	65,300	5,000	7,600	77,900
Manufacturing	88,900	6,800	12,300	108,000
Mining, Quarrying & Oil & Gas	135,800	9,070	17,630	162,500
Administrative & Support & Waste Services	43,800	3,350	3,950	51,100
Transportation & Warehousing	56,900	4,350	8,750	70,000
Utilities	127,000	9,070	35,030	171,100
Wholesale Trade	77,300	5,910	6,790	90,000
<i>Total Middle Class, Blue Collar</i>	<i>69,000</i>	<i>5,280</i>	<i>8,420</i>	<i>82,700</i>
Retail Trade	35,600	2,720	4,380	42,700
Accommodation	40,000	3,060	3,540	46,600
Food Services	24,400	1,870	2,230	28,500
Social Assistance	20,000	1,530	3,470	25,000
Other Services	35,500	2,720	2,780	41,000
Farm	30,700	2,350	2,850	35,900
<i>Total Lower Wage</i>	<i>30,300</i>	<i>2,320</i>	<i>3,280</i>	<i>35,900</i>

Source: Analysis of US Bureau of Economic Analysis, OES Research Estimates by State & Industry, Annual State Personal Income and Employment; see text for analysis details

Jobs Issue: Automation

The impact of automation on jobs has been a matter of controversy since the installation of the first water wheel. In the current economy, the rapid development of potentially disruptive technologies especially artificial intelligence has renewed the debate. The actual effects on the number of jobs in the state and the quality of those jobs, however, will depend on a number of factors:

- The potential for automation does not mean it will always be adopted or adopted successfully. A case on point is the State of California's serially dysfunctional attempts at automation that have sought to overlay technology on top of archaic structures and systems, rather than combining reforms and other changes that make automation viable in the first place.
- Automation historically has had multiple economic effects rather than just job reductions. While the immediate changes may be fewer workers per unit of output, increased productivity has led to higher profits and wages and thereby attracted more entrants into the industry. More producers have increased supply and led to lower prices. Lower prices have led to higher real incomes. And higher real incomes have led to demands for new goods and services, and thereby generated jobs which did not exist in the past or if they did, were there only for the incomes that previously could afford them. The actual effects of automation at any point in time have varied widely depending on the relative strength of each of these components and how quickly they have evolved. For example, the following chart illustrates the dramatic shifts in the US economy as a result of past applications of technology and subsequent changes in incomes, time allocation, and demand over time. As shown in this figure, mechanization of agriculture produced extraordinary employment changes within that industry, but also moved along with substantial expansion of jobs in other industries.



Source: McKinsey (December 2017), p. 5.

- The developed and many developing economies are now going through significant demographic changes, including lower birth rates, rising share of the senior population cohort, and differing ability to attract and absorb immigration. Many now face fewer entrants into the labor force, while several also project contracting population overall as well. The GDP growth increment possible through higher automation and productivity may in some instances track with this changing labor force size, and for most cases, will be essential in order to continue supporting aging populations on top of a shrinking labor force base. While the US and California specifically have not yet reached this demographic point, labor force growth has slowed as discussed previously and the population continues to age. Transitioning through these shifts at acceptable income levels may be dependent on increased automation.

The core of the current debate is over the scale of the now-potential technology changes and more critically, how quickly the economy is able to adapt in creating new employment for labor. On one extreme, some analysts see the pace of technology overwhelming the ability of the economy to adapt, and have proposed measures such as Universal Income to compensate for what they project as a lack of jobs and work. This view is not unlike past, more pessimistic writings on the topic. For example, Marx (1857-8) in an example of the role of capital predicted that use of the power loom would put all weavers out of work. Keynes (1930) wrote about technological unemployment, meaning “. . . unemployment due to our discovery of means of economising the use of labour outrunning the pace at which we can find new uses for labour.” However, Keynes also saw this situation as a “temporary maladjustment” with the long run result of much higher standards of living

but still with some accommodations as higher incomes became possible with fewer hours worked per week.

Regardless of the long term effects on employment, other effects are still likely to occur during any “maladjustment” period, no matter how short or long. Skills of at least some portion of the labor force become outdated. Retraining, removing barriers to self-employment and entrepreneurship such as occupational licensing and taxes (Carpenter, 2017), and other responses to facilitate adaption within the economy are needed.

More critically in California, adaption to technology change likely will also require improved labor mobility. As discussed previously, job creation in California—including retention/expansion of middle class wage jobs—has been significantly stronger in the Bay Area. Yet, the ability of workers to access these jobs—both from shifting jobs within the Bay Area or moving from other regions of the state—is severely constrained by barriers to geographic mobility. Reducing or removing these barriers to facilitate adaption to change would require changes to state and local policies that now severely limit increases in housing supply and in commuting system capacity.

Conversely—or more accurately perversely—these same barriers to geographic mobility can also lead to increased pressures for automation. In a situation such as California where employment and job expansion is so heavily concentrated in one region, employers may also face shortages of the required skill levels when the costs of housing, commuting, and other costs of living outstrip what employers can pay in wages. In these cases where labor becomes constrained because of public policy choices, automation is often the only answer, both to accommodate labor shortages but also to achieve productivity levels commensurate with the wages necessary to attract and retain the skill levels available within the local labor supply.

A number of recent studies have assessed the potential for automation within industries and geographic areas. These studies generally take the approach of assessing automation potential by occupation, then determining the risk by industry or area based on overall occupational mix. More recent studies finding lower risk levels have gone deeper, assessing activities within each occupation more amenable to automation and the extent to which the potential is for greater productivity or for replacements.

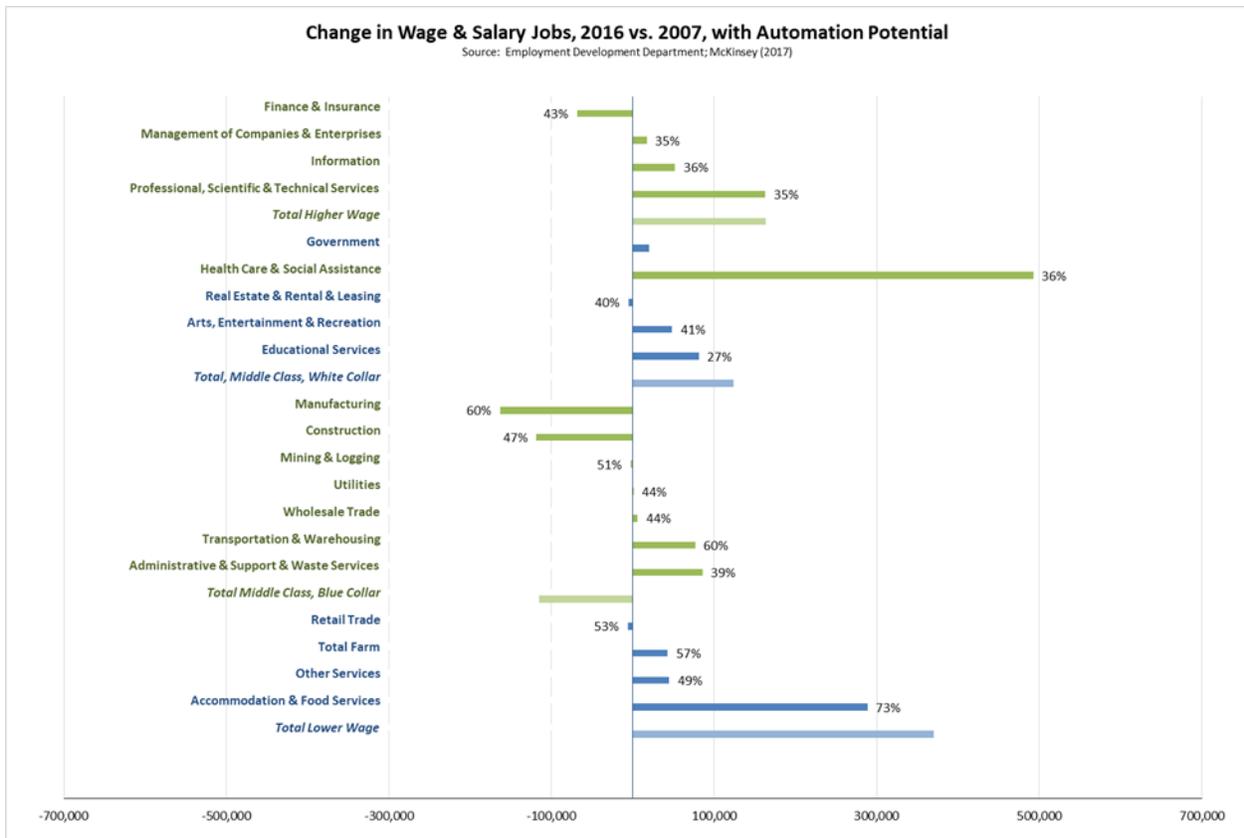
Results from these studies differ widely. One of the first, Frey (2013), concluded that 47% of US jobs would be replaced by automation within 20 years. An OECD study (Arntz, 2016) comparing the risk across countries, put the US level at 9% of jobs at risk, defined as jobs having 70% or more of their activities susceptible to automation. A more recent study (McKinsey, January 2017) determined that 5% of US jobs were at risk of being eliminated due to automation from existing technologies. The McKinsey study concluded that the more pervasive effect is likely that current jobs will change—about 60% of present occupations have at least 30% of constituent activities that can be automated.

A second McKinsey study (December 2017) based on the same data provides a more detailed assessment of potential jobs change, comparing US and 45 other countries. The basic conclusions are that by 2030:

- Depending on a number of factors, the number of displaced workers in the US could range from 23% of the 2030 labor force under the “midpoint” scenario, to 44% under an accelerated “rapid automation” scenario. As critically, 8% to 33% of these displaced workers would find it necessary to change occupational groups due to the shifting nature of work in their current jobs.
- Continued wage polarization is likely to occur in the US in the absence of other actions, with higher wage jobs increasing and middle wage jobs continuing to decline.
- Even under the rapid automation scenario, however, the study projects that the US would create enough jobs to absorb these changes, as a result of ongoing job creation, jobs created as a result of new technologies, and shifts in the labor force composition. Other countries vary on this outcome depending on their estimated displacement rates and various economic, social, and demographic factors.

Results by industry from the earlier McKinsey study (January 2017) are shown in the following chart, combined with the net job expansion by general wage/skills level. The automation potential is shown as the percentage of activities within the corresponding occupational mix that have the technical potential (rather than currently economic potential) for automation. These numbers are not the risk of jobs elimination, but indicate the potential for job change within each industry which would include a combination of both jobs elimination but more broadly a changing structure of the jobs themselves.

As indicated within the chart, the industry with the highest potential (73%) is Accommodation & Food Services. As discussed in the previous section, this is also the industry that has shown the most wage growth as a result of minimum wage increases, both directly in the bottom percentiles and indirectly in the upper percentiles likely as the result of wage compaction. Combining the high technical automation potential with the ongoing cost structure changes already locked in through future minimum wage increases, this industry is likely to show the most structural and job activity change from the automation trends. While these jobs are currently an important source of employment for the lower income groups, the associated skill, wage, and total job levels are likely to experience some of the strongest changes among the industries in the coming years.



Jobs Issue: State Budget

The charts in the previous sections show that, combined, Health Care and Social Assistance provided 47% of the total jobs expansion between 2007 and 2016. While Social Assistance is primarily a lower wage industry dominated by IHSS jobs, Health Care as discussed previously provides a broader continuum of wage and skill levels and in some respects has replaced some of the upward mobility opportunities previously provided by other industries.

While some of this jobs growth has come from increased service consumption as health insurance coverage has expanded and as the population has aged, a significant component has been reliant on state government spending. Between 2007 and 2016, US Bureau of Economic Analysis data shows the contribution of Health Care & Social Assistance to California's GDP increased by \$62.2 billion. Adjusting from fiscal to calendar year, the state budget documents show spending on the benefits portion (Local Assistance; state and federal funds) for health care services and IHSS in this same period grew by a total of \$57.6 billion. Even adjusting the state expenditures for local administrative costs shows the role state spending has taken on in replacing bridge employment opportunities.

This shift to state spending rather than pursuing state and local policies more encouraging to middle class wage job expansion in other industries and more broadly across regions is not necessarily

sustainable. The level of continued state support for these jobs is uncertain and subject to external risk:

- Regardless of the outcome of other federal decisions, the state is already under obligation for an increasing share of total health care expenditures—the portion related to the optional Medicaid (Medi-Cal) expansion. Maintaining this commitment in the face of growing caseload will always come under challenge from competing budget interests.
- State revenues supporting these expenditures are increasingly volatile. In the current year budget, Department of Finance numbers show personal income tax (PIT) is expected to account for 69% of all General Fund revenues, up from 57% in 2000-01 and 42% in 2002-03. At the same time that PIT revenues have become more critical to the overall spending plan, they have also become more volatile as a result of measures increasing the progressivity of this tax and its reliance on the most volatile component, capital gains taxes.
- The level of PIT revenues is also highly reliant on economic performance in a single region, the Bay Area. In 2014 and 2015, Franchise Tax Board data shows the Bay Area paid 40% of all PIT, continuing to rise from prior years as the Silicon Valley economy recovered from the dot.com recession and spread through this region, but still below the recent high of 46% in 2000. As such, the health of the state budget and its ability to maintain Health Care & Social Assistance job levels for the rest of the state are largely dependent on the outcomes from the higher wage industries in the Bay Area, and avoidance of a repeat the experience during the prior dot.com recession when PIT revenues from this region were slashed in half between 2000 and 2002.

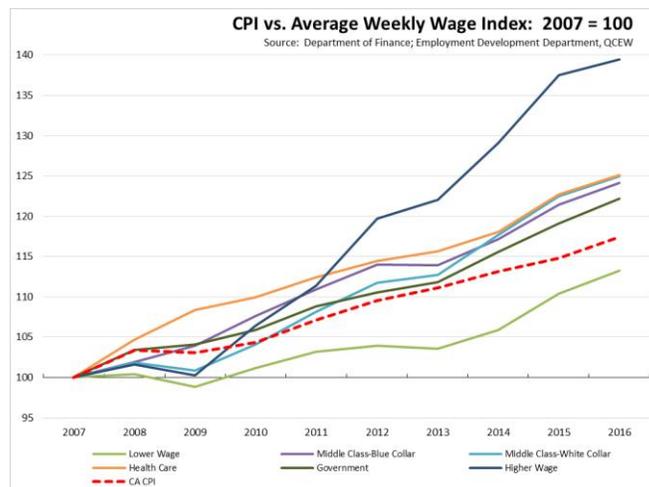
Living Costs

Reflecting a predominant theme from the focus groups conducted as part of the overall project, the survey of lower-income Californians (Vision Strategy & Insights, 2017) reported that the high cost of living was overwhelmingly perceived as the greatest challenge to getting ahead. The survey showed 56% of respondents citing this barrier, well ahead the second highest issue—jobs without benefits—at only 9%. In the survey, 61% believed that expenses are increasing faster than their salary/wages can keep up with, while fewer at 39% believed their income is not growing fast enough to enable them to get ahead.

Cost of Living

A general cost of living measure is the California Consumer Price Index (CPI). Rather than based on survey data, this measure is a combination of the CPI-U (all urban consumers) for the Los Angeles and San Francisco CMSAs from the US Bureau of Labor Statistics. The California CPI is calculated as a population-weighted average by Department of Finance using a formula first developed by the California Department of Industrial Relations. Between 2005 and 2016, the California CPI grew at an average annual rate of 2.1%, compared to the US CPI rate at 1.9%. On an annual basis, the gap began widening in 2015, with California at 2.3% and the US at 1.3% in 2016.

The change in this cost of living measure is contrasted with wage growth in the following chart. All values are expressed as an index with a base at the 2007 value. Average weekly wages are taken from Quarterly Census of Wages & Salaries (QCEW), and as such incorporate both changes in hourly wages and weekly hours worked.



Following initial dips during the recessionary contraction years, average wages began tracking near the cost of living for most industry groupings but with more substantial rises in 2014 and 2015 as the recovery began to take hold. As discussed in the previous chapter's section on wage percentiles, however, wages within industries evidenced differing rates of change with hourly wages falling below

the cost of living level in the lower percentiles for the Higher Wage industries, and the middle percentiles for Middle Class, Blue Collar industries. This pattern is reflected in the responses from focus groups and survey indicating the significance of living costs as a barrier for these workers.

The major exceptions in the chart are the Higher Wage and Lower Wage industries. As in all the prior data discussions, Higher Wage lies well above the cost of living trend for the state overall, although as discussed in the subsequent sections, its concentration in the Bay Area means these workers face a substantially different cost structure. Lower Wage has remained below throughout this period, although the gap has begun to close quickly beginning in 2014 as minimum wage hikes increased wages overall as discussed in the previous chapter. In this chart, the Lower Wage grouping includes Social Assistance.

Aside from methodological debates over how accurately the CPI in general measures shifts in living costs, the California CPI is based on costs only within two regions, and it is calculated based on the relative population and economic weightings of those regions several years ago. Although these regions contain a large proportion of the population, they are also the two highest cost regions in the state. Living costs vary widely across the state.

The degree of this variation is illustrated in Table 28, containing regional price parity (RPP) data calculated by MSA by US Bureau of Economic Analysis. In each year, the US level is set at 100, with the RPP for each state and MSA measured against this benchmark. In essence, the measure translates into showing that for a basket of goods and services costing \$100 on average in the US, someone living in California would pay 13.1% higher—\$113.10—while someone in San Jose would have to spend \$123.00. The relative difference between two regions is shown by taking the ratio of their RPPs. For example, in 2015, the cost of living in Los Angeles was 21% higher than in Fresno ($117.6/97.2 - 1$).

Table 28 illustrates two key points. Living costs overall are higher within the coastal urban regions, but lie closer or below the US average in the interior regions. Comparing 2008 and the most recent 2015 data, these relationships have remained largely stable but with some exceptions. Relative costs grew by more than 2% in San Luis Obispo-Paso Robles-Arroyo Grande, Santa Maria-Santa Barbara, Salinas, and Oxnard-Thousand Oaks-Ventura, and fell by more than this amount in Hanford-Corcoran and El Centro.

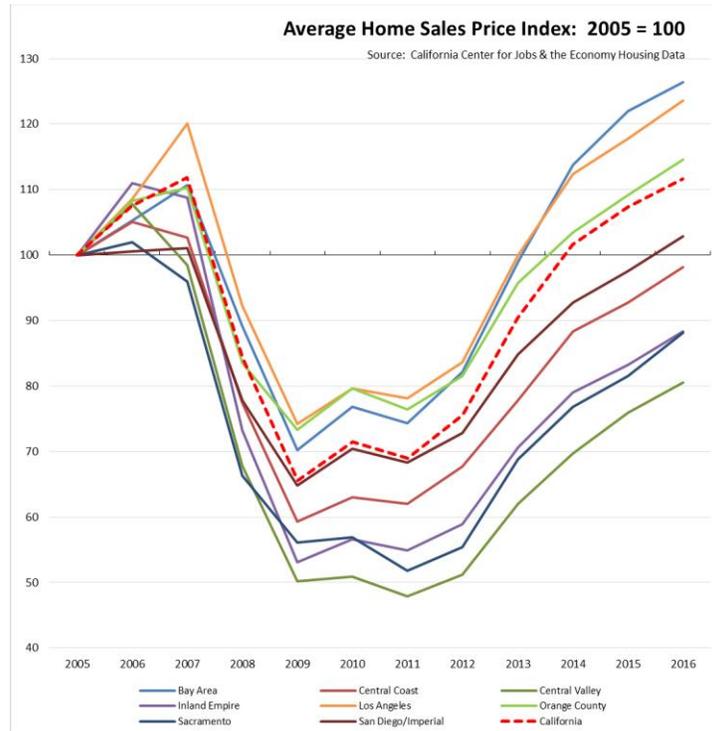
As with poverty levels, the biggest driver in regional cost levels is housing. Relative rents in 2015 as shown in the last column ranged from 50% below the state average for El Centro, to 135% above for San Jose-Sunnyvale-Santa Clara. Note that the RPP for rents covers only observed rents and does not incorporate an imputed cost for homeowners or for related housing costs such as utilities unless included in gross rent.

Table 28: Regional Price Parities

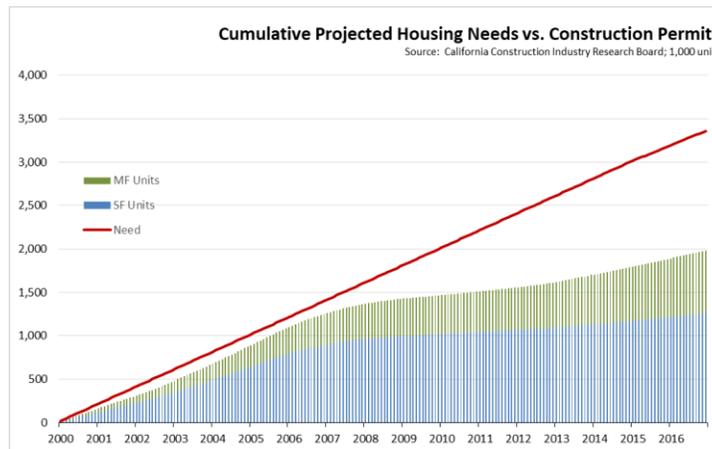
Year	Region	MSA	RPPs: All items	RPPs: Goods	RPPs: Services: Other	RPPs: Services: Rents	
2008	California Bay Area	Napa	113.1	103.5	105.0	154.6	
		San Francisco-Oakland-Hayward	120.4	112.7	110.5	161.6	
	Central Coast	San Jose-Sunnyvale-Santa Clara	122.9	112.7	110.5	186.3	
		Santa Rosa	123.0	112.5	110.2	191.1	
		Salinas	120.6	112.7	110.5	158.3	
		San Luis Obispo-Paso Robles-Arroyo Grande	105.1	95.8	97.6	157.6	
		Santa Cruz-Watsonville	104.9	95.8	97.6	153.8	
	Central Valley	Bakersfield	122.9	112.7	110.5	178.4	
		Fresno	96.9	95.8	97.6	98.4	
		Hanford-Corcoran	97.1	95.8	97.6	99.4	
		Madera	98.3	99.8	98.8	95.2	
		Merced	97.0	95.8	97.6	99.0	
		Modesto	95.8	95.8	97.6	92.7	
		Stockton-Lodi	99.1	95.8	97.6	110.4	
		Visalia-Porterville	100.5	95.8	97.6	119.5	
		Riverside-San Bernardino-Ontario	94.7	95.8	97.6	87.5	
		Inland Empire	107.5	99.0	102.5	134.5	
	Los Angeles	Los Angeles-Long Beach-Anaheim	116.1	103.1	108.0	172.2	
		Oxnard-Thousand Oaks-Ventura	112.6	99.0	102.5	177.3	
		Santa Maria-Santa Barbara	106.8	95.8	97.6	178.8	
	Other	Chico	99.5	95.8	97.6	112.8	
		Redding	98.4	95.8	97.6	105.9	
		Yuba City	97.7	95.8	97.6	102.3	
	Sacramento	Sacramento--Roseville--Arden-Arcade	102.2	95.8	97.6	133.1	
	San Diego/Imperial	El Centro	92.6	99.8	98.8	76.0	
		San Diego-Carlsbad	115.1	104.8	99.9	173.6	
	2015	California Bay Area	Napa	113.4	103.6	106.1	147.3
San Francisco-Oakland-Hayward			120.1	109.0	109.3	165.7	
San Jose-Sunnyvale-Santa Clara			121.9	109.0	109.3	186.0	
Santa Rosa			124.1	108.8	109.0	207.4	
Salinas			118.5	109.0	109.3	152.4	
Central Coast		San Luis Obispo-Paso Robles-Arroyo Grande	108.5	96.2	102.8	152.4	
		Santa Cruz-Watsonville	107.3	96.2	102.8	145.7	
		Bakersfield	122.0	109.0	109.3	172.9	
		Fresno	97.9	96.2	102.8	93.6	
Central Valley		Hanford-Corcoran	97.2	96.2	102.8	90.9	
		Madera	92.7	98.7	93.8	82.4	
		Merced	96.2	96.2	102.8	87.1	
		Modesto	95.0	96.2	102.8	82.1	
		Stockton-Lodi	98.7	96.2	102.8	97.5	
		Visalia-Porterville	100.4	96.2	102.8	105.7	
		Riverside-San Bernardino-Ontario	95.4	96.2	102.8	83.5	
		Inland Empire	106.7	102.0	104.5	117.4	
		Los Angeles	Los Angeles-Long Beach-Anaheim	106.7	102.0	104.5	117.4
			Oxnard-Thousand Oaks-Ventura	117.6	104.8	107.1	165.1
Santa Maria-Santa Barbara			116.1	102.0	104.5	171.9	
Other		Chico	109.4	96.2	102.8	165.8	
		Redding	99.7	96.2	102.8	102.1	
		Yuba City	98.1	96.2	102.8	95.2	
Sacramento		Sacramento--Roseville--Arden-Arcade	98.7	96.2	102.8	97.7	
San Diego/Imperial		El Centro	102.6	96.2	102.8	117.6	
		San Diego-Carlsbad	89.6	98.7	93.8	73.0	
			San Diego-Carlsbad	116.6	102.0	104.8	165.4

Source: US Bureau of Economic Analysis

Housing Costs



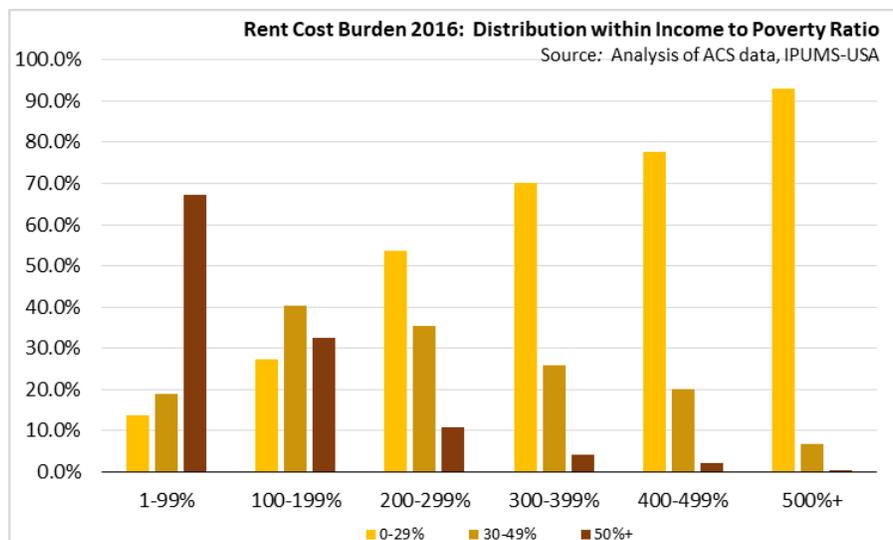
From 2012 to 2016, the average home sales price in California rose annually by 10.2%, but ranged from 8.9% in Orange County to 12.3% in Sacramento Region. All regions of the state experienced these high rates of cost escalation as housing markets recovered from the recessionary lows. By 2016, the state along with Orange County, Los Angeles, and Bay Area regions had reached or exceeded their pre-recession highs, while other regions in the state still remained below. Comparable cost growth has continued into 2017 along with associated increases in rents.



As detailed in numerous analyses (LAO, 2015; California Center for Jobs & the Economy, April 2017), since the 1980s, California has failed to produce sufficient new housing to keep up with the state’s population growth. As illustrated in the figure above, cumulative new housing under permit has failed to keep up with the required cumulative increase in new units, as taken from the Department of Housing & Community Development’s state housing plans. Not even taking into account the previous deficit accumulated during the 1990s, new housing construction from 2000 to 2016 fell short of meeting supply needs by an estimated 1.4 million units.

The effect of constrained supplies on rents is reflected as an increasing cost barrier to the low and middle income groups. Moderately rent cost burdened is general defined as expenditure of 30-49% of household income on housing. Severely cost burdened is expenditure of 50% or more. From the data shown in Table 29:

- As shown in the figure below, the lower two income groups show a high incidence overall of rent cost burden, with the next three, more middle income groups also showing high levels of at least moderately cost burden. On a relative share basis, the 0-99% income is far more likely to be severely cost burdened (160% higher) than moderately (30% lower); 100-199% shows higher relative share for both severely (20% higher) and moderately (50% higher); while the 200-299% income group shows higher relatively share for moderately cost burdened (40% higher), an indication of how the effects of housing supply have grown to affect middle class wage groups as well. Note that while traditional cost burden calculations are based on households, the data in the chart and Table 29 are for persons within each income range.



- While this general pattern has held throughout the period of the analysis, some easing occurred during the steep decline in housing prices during the recent recession including for the lower income groups. As prices have rebounded and as more Californians remain renters rather than re-entering the homeowner market, the relative shares have with only

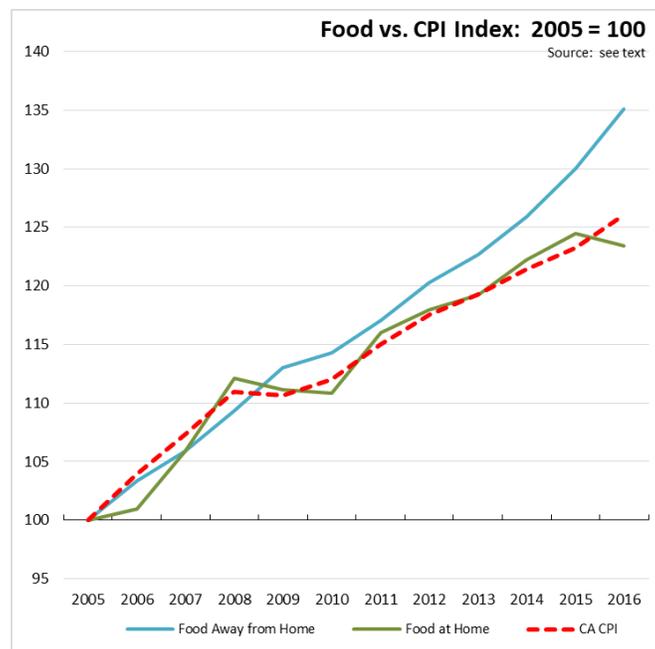
some shifts in the severely burdened category have returned to the 2007 pattern. The biggest effects are more in the shift of the renter mix among the income groups rather than the incidence of cost burden within these groups.

Food

In the focus groups and lower income survey, participants saw policy measures such as minimum wage as potentially having dual effects on their personal situations. On one hand, 63% of the survey respondents somewhat or strongly agreed with the statement: *a higher minimum wage helps workers like me*. However, 75% somewhat or strongly agreed with the statement: *a higher minimum wage causes businesses to raise prices*. More specifically, 70% cited increased minimum wage and labor costs as one of the reasons for increased food costs. (Vision Strategy & Insights, 2017)

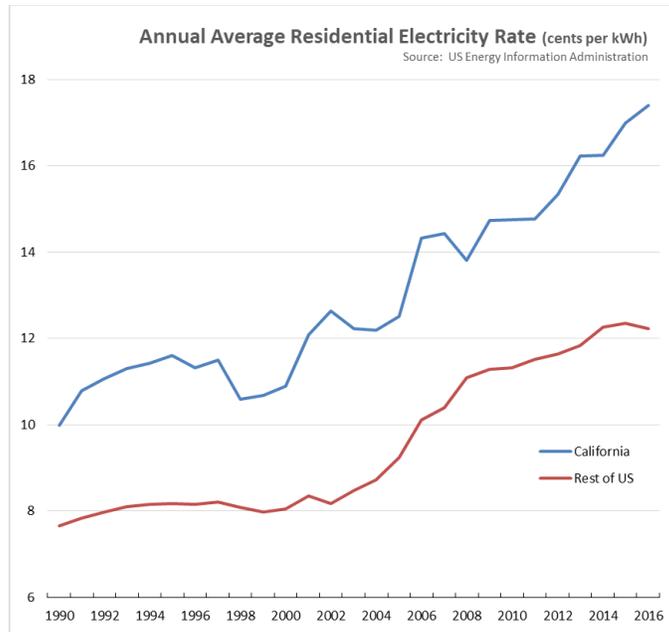
The cost of food, specifically prepared food, is in fact rising more rapidly than the general rate of cost increases in California. Using the same formula used for the California CPI, estimates for the food component were developed as shown in the following figure. Data is shown for Food away from Home (restaurants), Food at Home (groceries), and for comparison, the California CPI. All three components are shown as an index using the base as the 2005 value for each.

Overall, both food components tracked closely with the full CPI in the early part of this period, up to 2008. At that point, costs for Food away from Home began accelerating, consistent with the changing cost structure for this industry discussed in the previous chapter. Food at home, however, shows much slower upward cost pressure, with two deflationary periods in 2009-10 and 2016.

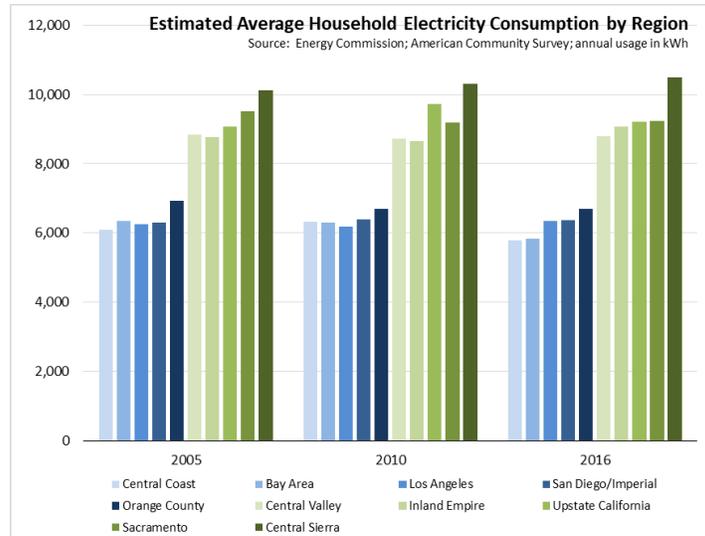


Energy

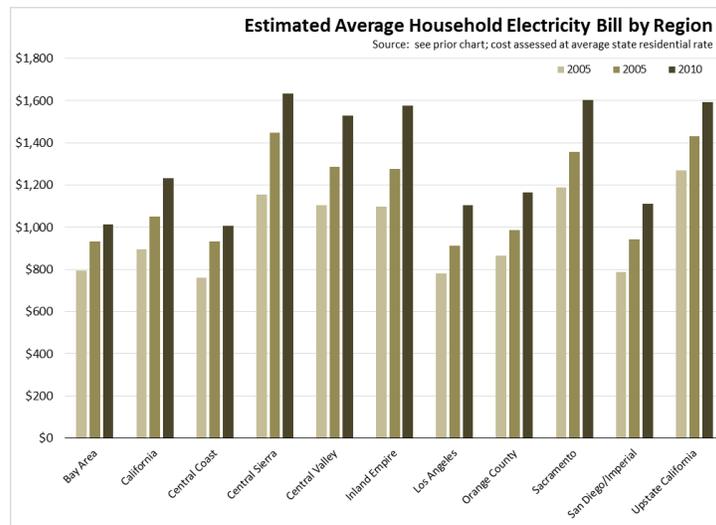
In part due to policy decisions beginning in the 1970s, California historically has had significantly higher residential electricity rates than the rest of the country, in spite of having access to much lower cost in-state hydroelectric sources and imports from other states. As shown in the chart below, this gap began closing at the beginning of the 2000s as cheaper coal generation facilities underwent retirement due to regulatory changes, but California’s rates began accelerating again following regulatory changes related to the implementation of AB 32 climate change actions beginning in 2010. From 2010 to 2016, the California residential rate grew at an average rate of 2.8%, more than double the average growth of 1.3% for the rest of the US.



Also historically, Californians on average have had lower utility bills despite these higher rates, primarily due to milder climate conditions compared to virtually every other state. This gap closing, however, due to the accelerating change in the electricity rate. Between 2010 and 2016, US Energy Information Administration data indicates the average California utility bill rose \$150 a year, while dropping \$5 in the rest of the US.



The average, however, does not apply across all of California. The climate benefits for utility bills primarily accrue in the higher income coastal regions, while the lower income interior regions with more variable weather rely on electricity usage well above the state average. The variations by region are illustrated in the chart above. Average annual household electricity use was estimated using the Energy Commission’s Electricity Consumption by County data combined with the number of households by region from Department of Finance estimates. As indicated, average household consumption was as much as 81% higher in the interior regions than in the lowest consumption coastal region.



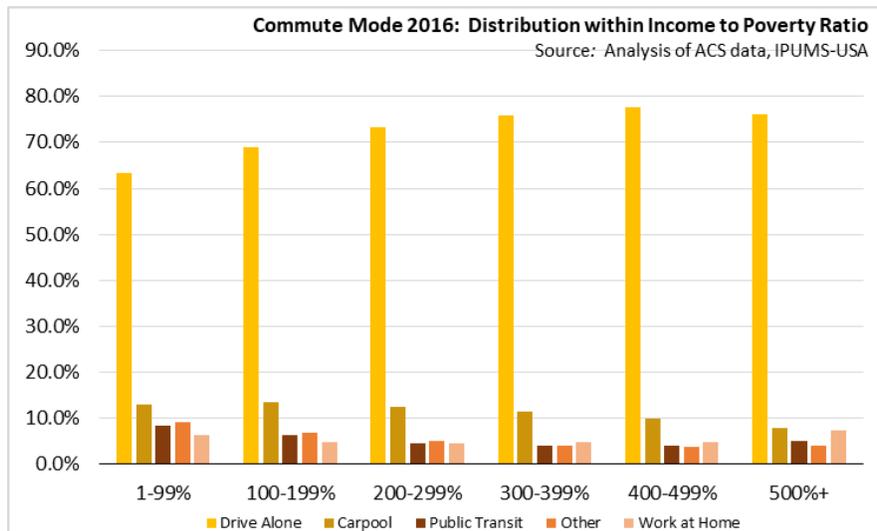
Translating the consumption numbers into costs is more difficult given the wide differences in local utility providers and rate structures. However, analyzed using the average California residential rate in each year, the chart above gives an estimate of the likely range in these values. From this exercise, the difference in annual utility bill between the lowest coastal region and highest cost interior region ranges from \$510 in 2005, \$540 in 2010, and \$630 in 2016. In spite of the overall declining

electricity usage indicated in the previous chart, the differences have been growing due to the accelerating rate increases.

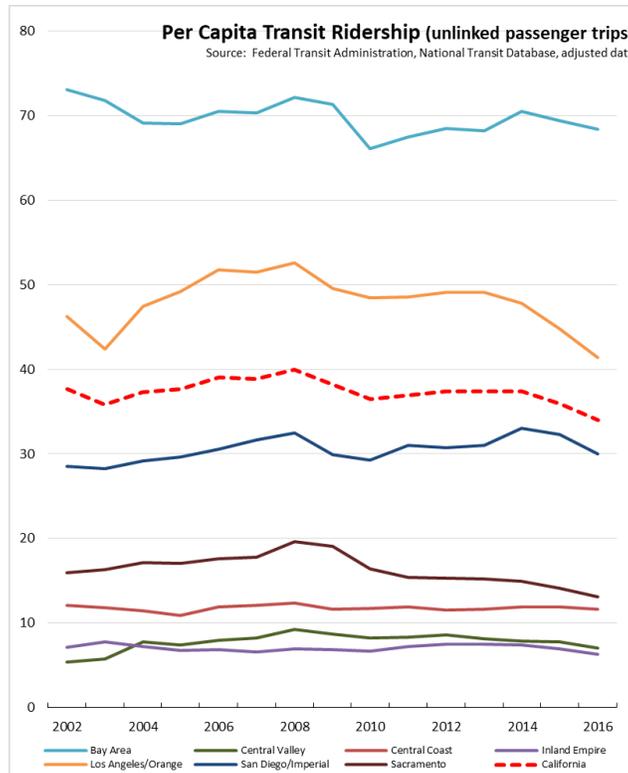
Higher utility costs also feed directly into housing affordability. The housing cost burdens discussed in the earlier section are typically based on gross rent—the amount of rent plus an imputed value for utilities if not otherwise included in the contract rent amount. The utility amounts are included to incorporate more of the full costs of housing. As electricity rates continue to rise in the state, they will also continue to influence the overall cost of housing.

Commuting

Use of single-occupant vehicles (SOV) for work commutes remains the dominant commute mode across all income groups. Use of alternative modes such as carpooling and public transit increases with household income, although some of this trend is likely related to higher public transit availability in the higher income Bay Area. Historically, however, increased public transit use has come primarily as a shift from carpooling. The share of commuters able to utilize alternative modes has been more stable.



This reliance on SOVs for jobs access indicates that the condition of the state’s roads forms another barrier to jobs and upward mobility. While the Legislature in 2017 passed significant new funding for roads repair and maintenance (SB 1), only a relatively minor amount was made available for system capacity. Instead, state policy has begun emphasizing the concept of a “roads diet,” limiting capacity in an attempt to reduce growth in overall vehicle miles traveled. The figure above suggests this approach will have a relatively greater impact in terms of congestion and commute times on the lower income groups than the higher.

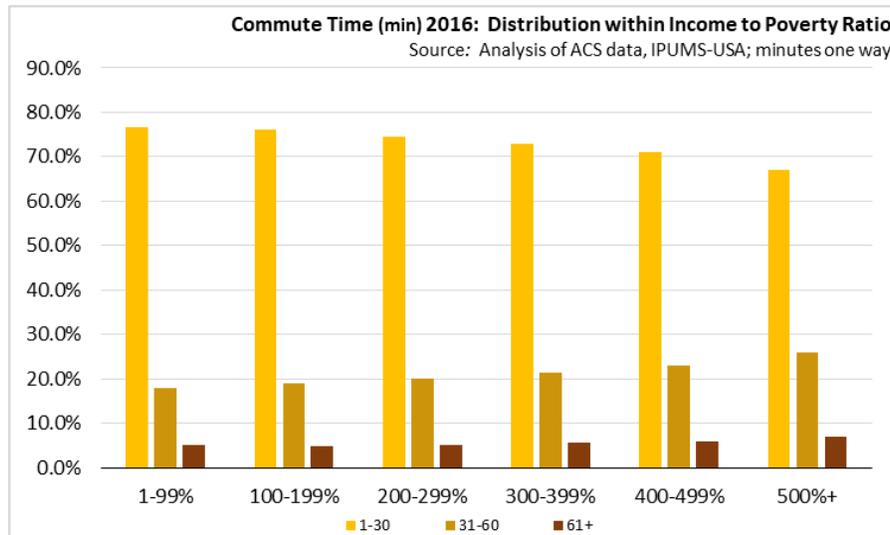


At the other end, the fastest growing commute mode since 1980 has been working at home (California Center for Jobs & the Economy, March 2016). The 2016 ACS data indicates this mode continues to grow in use and continues to exceed the number relying on public transit to get to work. While this option provides obvious flexibility benefits to workers facing challenges from commute times, childcare, and other responsibilities, the figure above indicates its use is more prevalent among the highest and lowest income groups, with lower relative shares in the middle income groups.

The low use of public transit for commuting is consistent with the overall trends for transportation in California. Public transit ridership for all purposes—commuting, shopping, school, and others—has seen declines in recent years. Since the peak ridership levels in 2008, Federal Transit Administration data shows that total ridership has dropped an average of 1.2% a year, ranging from a gain of 0.2% annually in the Bay Area to a loss of 4.2% annually in the Sacramento Region. Adjusting for population growth as in the figure above, per capita ridership has dropped somewhat more steeply and across all regions. Data from 2017 to date indicates further declines.

Current state policies now emphasize investment in transit rather than road capacity. While there may be some unknown, future level of investment that would improve public transit access and convenience to the point that ridership would increase, at best this outcome is likely to take an extended period of time. In the interim, growing congestion remains a barrier to upward mobility, increasing both commuting costs directly while increasing related costs such as increased use of childcare and increasing reliance on prepared food—whose costs are increasing as discussed above.

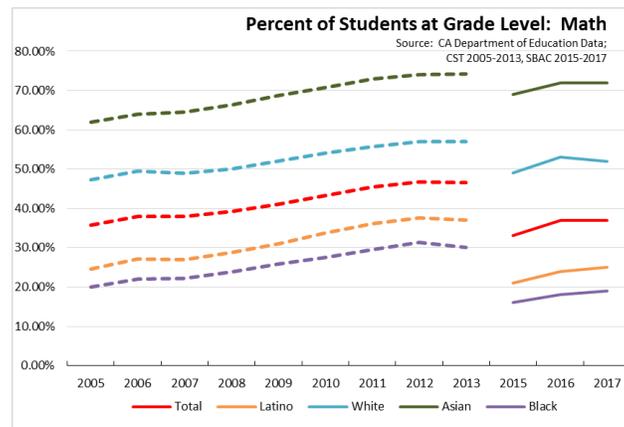
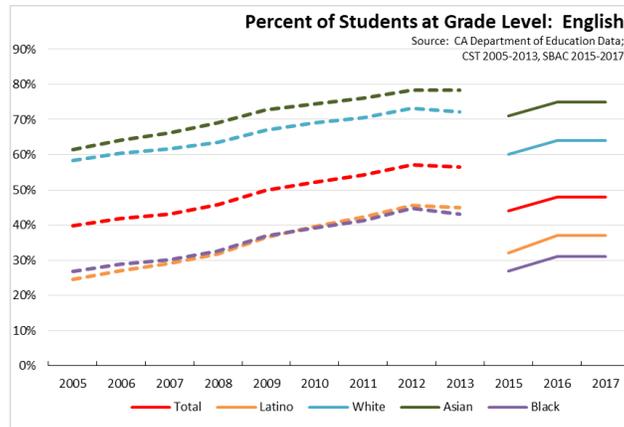
This point in particular applies to the lower income groups. A recent study of declining public transit ridership in Southern California (Manville, et al., January 2018) concluded that the overwhelming factor behind this drop was disproportionate growth of vehicle ownership “. . . among those groups, like the low-income and foreign-born, who are most likely to ride transit.” This conclusion is illustrated by the substantial in the relative shares for commuters using public transit, which went from 2.4 in 2007 for persons in 1-99% of poverty to 1.6 in 2016, and from 1.7 to 1.4 for persons in 100-199% of poverty. These are among some of the strongest shifts shown in the tables.



As indicated in Table 31, roughly a fifth to a quarter of each income group faced one-way commute times of 31 minutes or more in 2016. The proportion rises with income, with the highest incidence in the top income level. Differences, however, are relatively small, with the highest relative share for the 500%+ income group for 31-60 minutes and 60 minutes and higher commutes.

Education

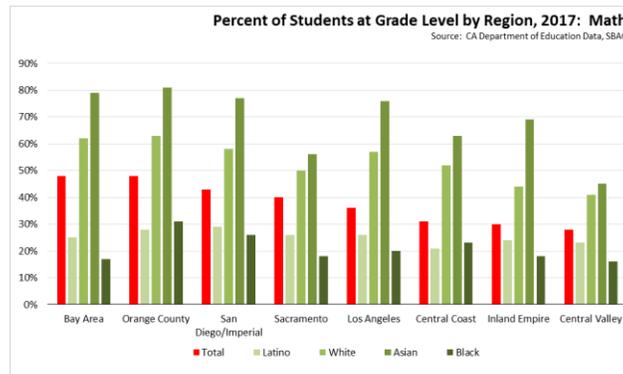
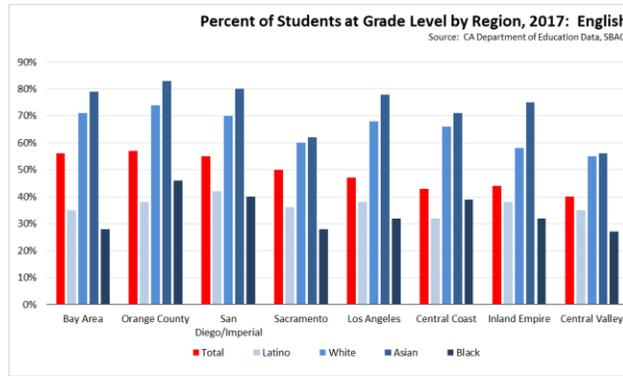
Education availability at desired outcomes/quality continues to be a key factor in future employment options and wage potential. Achieving proficiency to the extent of college readiness has become a defining metric, especially in light of the present situation where the K-12 public schools have only begun to restore technical training and preparing students for certification programs that can enable them to pursue higher wage occupations not requiring a college degree. Cost barriers come into play when the quality of neighborhood schools is not at the level required for college/job preparation in the evolving economy, and opportunities must be sought instead through added commuting costs from intra-district transfers where available, change in housing often at a higher cost to be eligible for better performing schools, remedial training/education in post-secondary programs, or private options. While this range of corrective choices is generally accessible at higher income levels, they are more limited by cost for lower income households.



Despite a 30% increase in Prop. 98 funding from 2007-08 to 2017-18 and a redirection of significant resources to focus on disadvantaged students through the Local Control Funding Formula (LCFF), significant gaps remain in educational outcomes by demographic and region. As shown in the charts above, testing performance gradually improved from 2005-2011 as measured by the prior California Standards Test (CST), but a pronounced gap remained with Latino and Black students below 50% and White and Asian students near and above 70% for English. In the Math skills that are more critical for jobs within the current higher paying occupations—both those requiring a college education and not—overall performance for all groups except Asians was significantly lower.

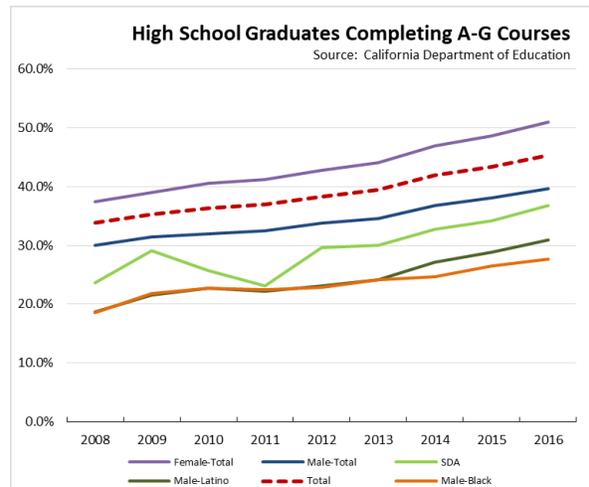
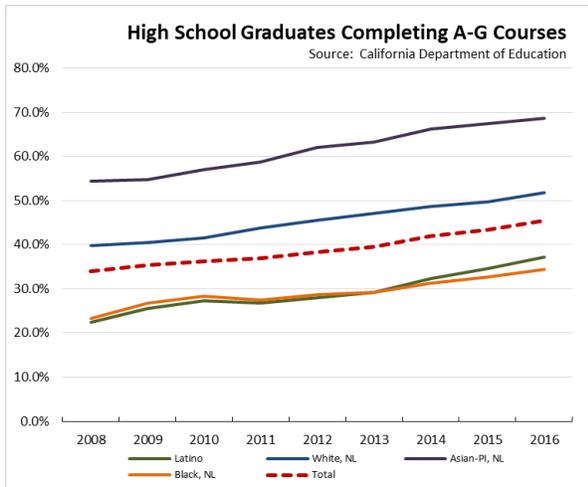
More importantly, the prior CST results showed a leveling out in school performance gains after 2011. This trend along with continuation of the prior performance gaps has continued under the new Smarter Balanced Assessment System (SBAC) tests. Note that no testing occurred in 2014, and that results from the two test systems are not directly comparable. The relationships and overall trend lines, however, are the important conclusions that can be taken from a comparison from these two data sets.

These differences in performance are even more pronounced when broken down by region, as illustrated in the last two charts below containing the results from the most recent 2017 SBAC.

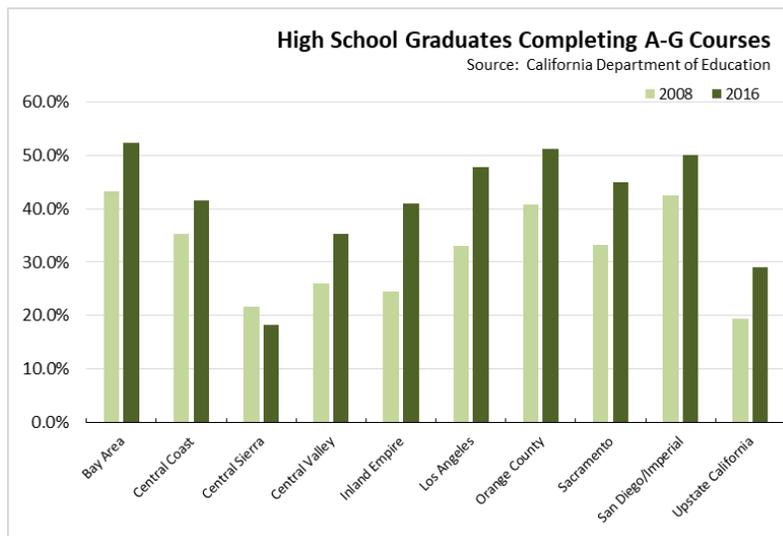


Another measurement of schools performance is the percentage of students graduating after completing the A-G coursework required for applications to University of California and California State University. This metric basically indicates the share of each graduating class that has been put and successfully completed the college track. These numbers, however, cover only graduating seniors and do not incorporate drop outs and students who go on to complete a GED or comparable certificate.

The data, while showing some progress overall, displays school performance gaps comparable to the testing data. As shown in the following charts, White and Asian-PI (all race designations for non-Latinos) students are prepared for college at levels significantly above Latino and Black students. Males, especially Latino and Black Males, show completion rates that are well below Female levels, with SDA (socioeconomically disadvantaged/low income) students as a group at only just over a third of SDA graduates in the latest, 2016 results.



Performance by this measure similarly varies widely by region, as shown in the following chart.



As noted in the most recent McKinsey report on automation (McKinsey, December 2017), the public schools previously played a key role in the transition to upward mobility during earlier significant shifts in the US economy. Following increased mechanization in agriculture that sent vast numbers of workers to the cities, the High School Movement from 1910 to 1940 promoted universal secondary education as means for broad diffusion of skills “for life” rather than just “for college” as the previous far more limited and more costly secondary system had done. The success of this movement enabled the US to develop the best trained and skilled workforce in the world, providing it with significant competitive advantages as industrialization took hold in the 20th Century. These advantages in turn secured higher incomes and lower living costs than in other industrializing countries, even as the previous jobs structure—focused on agriculture—transformed dramatically.

As indicated above, the present educational system in California is now performing the same function during the current structural transformation for only a portion of the population, and more broadly only for certain regions. As importantly, in a time of transition when required skill levels are likely to change substantially for most occupations—both the current mix and the yet-to-be-known evolving structure—California schools remain largely focused on college-track education. And in this respect, the results shown in the charts above suggest that the schools no longer are functioning as the primary asset for adjusting to technological change they played as a result of the High School Movement, but instead now come close to serving as a winnowing process that risks relegating another generation to the income levels in which they are now without the skills necessary for upward mobility in a changing state.

Table 29: Rent Cost Burden by Income to Poverty Ratio, All Persons Living in Rented Housing Units, California

Year	Cost Burden	1-99%	100-199%	200-299%	300-399%	400-499%	500%+	Total	1-99%	100-199%	200-299%	300-399%	400-499%	500%+	Total
2007	0-29%	14.3%	30.5%	56.9%	72.0%	83.0%	93.7%	48.9%	6.4%	17.5%	20.5%	16.8%	12.2%	26.6%	100.0%
2007	30-49%	19.2%	40.3%	34.9%	25.0%	15.4%	5.8%	26.4%	16.0%	42.6%	23.3%	10.8%	4.2%	3.1%	100.0%
2007	50%+	66.5%	29.2%	8.1%	3.0%	1.6%	0.4%	24.7%	59.1%	33.1%	5.8%	1.4%	0.5%	0.2%	100.0%
2007	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	21.9%	28.0%	17.6%	11.4%	7.2%	13.9%	100.0%
2012	0-29%	12.5%	28.1%	55.0%	70.2%	81.2%	93.9%	44.1%	7.7%	17.4%	20.4%	15.7%	11.3%	27.5%	100.0%
2012	30-49%	18.2%	42.4%	35.6%	26.5%	17.6%	5.6%	26.9%	18.5%	43.3%	21.7%	9.8%	4.0%	2.7%	100.0%
2012	50%+	69.3%	29.5%	9.4%	3.3%	1.2%	0.4%	29.0%	65.2%	27.9%	5.3%	1.1%	0.2%	0.2%	100.0%
2012	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	27.3%	27.4%	16.4%	9.9%	6.1%	12.9%	100.0%
2016	0-29%	13.7%	27.2%	53.7%	70.2%	77.6%	92.8%	47.7%	6.5%	14.7%	19.6%	15.7%	11.5%	32.0%	100.0%
2016	30-49%	19.0%	40.3%	35.4%	25.8%	20.2%	6.7%	26.1%	16.5%	39.7%	23.6%	10.5%	5.4%	4.2%	100.0%
2016	50%+	67.4%	32.5%	10.9%	4.1%	2.2%	0.4%	26.2%	58.4%	31.9%	7.2%	1.6%	0.6%	0.3%	100.0%
2016	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	22.7%	25.7%	17.4%	10.7%	7.1%	16.4%	100.0%

Source: Analysis of ACS data, IPUMS-USA, University of Minnesota, www.ipums.org

Table 30: Commuting Means of Transportation by Income to Poverty Ratio, All Commuters, California

Year	Mode	1-99%	100-199%	200-299%	300-399%	400-499%	500%+	Total	1-99%	100-199%	200-299%	300-399%	400-499%	500%+	Total
2007	Drive Alone	55.7%	63.1%	70.9%	75.1%	78.4%	78.7%	73.5%	4.3%	12.2%	15.0%	13.9%	12.0%	42.6%	100.0%
2007	Carpool	16.2%	16.8%	15.0%	12.0%	10.2%	8.7%	11.9%	7.8%	20.1%	19.7%	13.7%	9.6%	29.2%	100.0%
2007	Public Transit	12.2%	8.4%	5.2%	4.5%	3.5%	3.5%	5.1%	13.7%	23.6%	16.1%	12.0%	7.7%	27.0%	100.0%
2007	Other	10.4%	7.7%	5.2%	4.5%	3.7%	3.3%	4.8%	12.2%	22.7%	16.7%	12.8%	8.6%	26.9%	100.0%
2007	Work at Home	5.5%	3.9%	3.6%	3.9%	4.2%	5.8%	4.7%	6.6%	11.8%	11.8%	11.1%	10.0%	48.7%	100.0%
2007	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	5.7%	14.2%	15.6%	13.6%	11.2%	39.7%	100.0%
2012	Drive Alone	60.8%	66.9%	72.8%	76.5%	78.6%	77.8%	73.8%	6.4%	15.1%	15.9%	13.6%	11.0%	38.0%	100.0%
2012	Carpool	14.8%	14.1%	12.6%	11.1%	9.7%	8.7%	11.1%	10.3%	21.1%	18.2%	13.1%	9.1%	28.2%	100.0%
2012	Public Transit	9.0%	7.4%	5.4%	4.2%	3.4%	3.9%	5.1%	13.6%	24.0%	16.9%	10.7%	6.9%	27.8%	100.0%
2012	Other	10.3%	6.7%	5.2%	4.3%	3.7%	3.4%	4.9%	16.3%	22.7%	16.9%	11.5%	7.8%	24.7%	100.0%
2012	Work at Home	5.2%	4.9%	4.1%	4.0%	4.6%	6.2%	5.1%	7.9%	15.8%	12.8%	10.2%	9.3%	43.9%	100.0%
2012	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	7.8%	16.6%	16.1%	13.1%	10.3%	36.0%	100.0%
2016	Drive Alone	63.3%	68.8%	73.4%	76.0%	77.6%	76.0%	73.9%	5.7%	13.6%	15.6%	13.2%	11.5%	40.3%	100.0%
2016	Carpool	12.9%	13.3%	12.4%	11.3%	9.9%	7.8%	10.3%	8.2%	18.9%	18.8%	14.1%	10.4%	29.6%	100.0%
2016	Public Transit	8.4%	6.2%	4.6%	3.9%	3.9%	5.0%	5.1%	10.9%	17.9%	14.3%	9.9%	8.4%	38.6%	100.0%
2016	Other	9.2%	6.8%	5.1%	3.9%	3.8%	3.9%	4.9%	12.6%	20.5%	16.5%	10.4%	8.5%	31.5%	100.0%
2016	Work at Home	6.2%	4.8%	4.5%	4.9%	4.9%	7.3%	5.8%	7.1%	12.0%	12.1%	10.8%	9.1%	48.9%	100.0%
2016	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	6.6%	14.6%	15.7%	12.9%	10.9%	39.2%	100.0%

Source: Analysis of ACS data, IPUMS-USA, University of Minnesota, www.ipums.org

Table 31: Commuting Time to Work (One-Way) by Income to Poverty Ratio, All Commuters, California

Year	Minutes	1-99%	100-199%	200-299%	300-399%	400-499%	500%+	Total	1-99%	100-199%	200-299%	300-399%	400-499%	500%+	Total
2007	1-30	78.2%	78.1%	77.3%	76.7%	74.7%	71.9%	75.0%	5.9%	15.0%	16.2%	14.0%	11.2%	37.7%	100.0%
2007	31-60	17.5%	17.7%	18.4%	18.7%	20.2%	22.9%	20.3%	4.9%	12.5%	14.3%	12.7%	11.2%	44.3%	100.0%
2007	61+	4.4%	4.2%	4.2%	4.6%	5.1%	5.2%	4.8%	5.1%	12.7%	14.0%	13.2%	12.1%	42.8%	100.0%
2007	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	5.6%	14.4%	15.7%	13.7%	11.3%	39.3%	100.0%
2012	1-30	79.0%	77.6%	77.0%	75.4%	74.3%	71.5%	74.8%	8.2%	17.3%	16.7%	13.4%	10.3%	34.0%	100.0%
2012	31-60	16.7%	18.3%	18.8%	20.5%	21.0%	23.2%	20.6%	6.3%	14.8%	14.9%	13.2%	10.6%	40.1%	100.0%
2012	61+	4.3%	4.1%	4.1%	4.1%	4.6%	5.4%	4.6%	7.2%	14.8%	14.5%	11.8%	10.4%	41.3%	100.0%
2012	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	7.8%	16.7%	16.3%	13.3%	10.4%	35.6%	100.0%
2016	1-30	76.7%	76.0%	74.6%	73.0%	71.0%	67.2%	71.5%	7.1%	15.7%	16.6%	13.3%	11.0%	36.3%	100.0%
2016	31-60	18.0%	19.0%	20.2%	21.5%	23.0%	25.9%	22.6%	5.3%	12.5%	14.3%	12.4%	11.3%	44.3%	100.0%
2016	61+	5.3%	5.0%	5.2%	5.6%	5.9%	6.9%	6.0%	5.8%	12.3%	13.9%	12.1%	11.0%	44.9%	100.0%
2016	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	6.6%	14.8%	15.9%	13.0%	11.1%	38.6%	100.0%

Source: Analysis of ACS data, IPUMS-USA, University of Minnesota, www.ipums.org

Attachment 1: Data Dictionary

Age. Age groups are shown for 0-15 (children), 16-19 (youth), 20-24 (young adults), 25-64 (adults), and 65 and over (seniors). Annual data is compiled from the ACS 1-year microdata through IPUMS-USA, University of Minnesota, www.ipums.org.

Average Home Sales Price. Average annual sales price by state and region, from Center for Jobs & the Economy analysis of DQNews housing data. The data is shown as an index, with the 2005 value equal to 100.

Average Hourly Wage. Average hourly wage for all wage and salary employees within the indicated industry. Data from US Bureau of Labor Statistics, Current Employment Survey. Data is available monthly and by annual average, beginning in 2007.

Average Weekly Hours Worked. Number of hours worked weekly by all wage and salary employees within the indicated industry. Data from US Bureau of Labor Statistics, Current Employment Survey. Data is available monthly and by annual average, beginning in 2007.

California Consumer Price Index (CPI). Consumer Price Index measures changes in prices paid by urban consumers for a representative basket of goods and services. Data is calculated by the California Department of Finance based on the published CPI-U (All Urban Consumers), not seasonally adjusted, current base for the San Francisco and Los Angeles CMSAs.

Class of Worker. Covers persons age 16 and over who have worked within the past 5 years but not new workers who are seeking work for the first time and have not yet secured their first job. For persons with multiple employment, covers the employment where they spent the most time. Data is grouped into Self-Employed (in an incorporated or not incorporated business; includes unpaid family workers), wage and salary workers in a private business (W/S Private), wage and salary workers in a non-profit enterprise (W/S Non-profit), and wage and salary workers in government (W/S Government). All distributions are based on the total of these categories, and do not include persons age 16 and over not working within the past 5 years. Data is compiled from the ACS 1-year microdata through IPUMS-USA, University of Minnesota, www.ipums.org.

Commute Mode. Reports the primary means of transportation to work that was used on the most days in the previous week. Data is grouped into Drive Alone, Carpool, Public Transportation (bus or trolley bus, streetcar or trolley car, subway or elevated, railroad, taxicab, ferryboat), Other (motorcycle, bicycle, walked alone, other), and Worked at Home. All distributions are based on the total of these categories for persons traveling to work. Data is compiled from the ACS 1-year microdata through IPUMS-USA, University of Minnesota, www.ipums.org.

Commute Time. Reports travel time to work as the amount of time (one-way) that it usually took to get from home to work in the prior week. Data is grouped into 0-30 minutes, 31-60 minutes, and 61 minutes and longer. All distributions are based on the total of these categories for persons

traveling to work. Data is compiled from the ACS 1-year microdata through IPUMS-USA, University of Minnesota, www.ipums.org.

Cost Burdened. Shows rent as a percentage of household income for persons living in rented housing units, as a calculated variable determined from monthly gross rent and total household income. Data is grouped into 0-29% (not cost burdened), 30-49% (moderately cost burdened), and 50% and more (severely cost burdened). Persons are determined to be within a groups depending on the cost ratio for their household. All distributions are based on the total of these categories for all persons living in rented housing units. Data is compiled from the ACS 1-year microdata through IPUMS-USA, University of Minnesota, www.ipums.org.

Educational Attainment. For persons 25 and older, indicates the highest level of educational achievement: less than high school graduation (less than HS), high school graduation or GED equivalent, some college but no degree, AA degree, Bachelor's degree, and Graduate or Professional degree (Grad Degree). Data is compiled from the ACS 1-year microdata through IPUMS-USA, University of Minnesota, www.ipums.org. Note that for the monthly labor force compiled from the Current Population Survey (CPS), these categories are consolidated into four.

Ethnicity/Race. Based on survey response, persons are shown as Latino or Non-Latino White, Asian-Pacific Islander (Asian-PI), Black, and Other (including Non-Latino American Indian or Alaska Native, other race, and multi-race). Data is compiled from the ACS 1-year microdata through IPUMS-USA, University of Minnesota, www.ipums.org.

Gender. Shown as Male or Female. Data is compiled from the ACS 1-year microdata through IPUMS-USA, University of Minnesota, www.ipums.org.

Hourly Percentile Wage. The wage level at which less than the given percentage of employees receive. For example, an \$18.00 an hour wage at the 25th percentile indicates 25 percent of wage and salary employees within the industry earn less than this level, and 75 percent earn more. State data is developed as a research series by the US Bureau of Labor Statistics from the Occupational Employment Statistics (OES) survey as of May of each year. Wages are straight-time, gross pay, exclusive of premium pay. Base rate; cost-of-living allowances; guaranteed pay; hazardous-duty pay; incentive pay, including commissions and production bonuses; and tips are included. Wages do not include overtime pay, severance pay, shift differentials, nonproduction bonuses, employer cost for supplementary benefits, and tuition reimbursements.

Income to Poverty Ratio. Determined based on total family income (reported from the prior year) divided by the appropriate OPM threshold. All persons within that family are then assigned the resulting ratio. Unrelated individuals are treated based on their relevant threshold. Note that poverty calculations explicitly exclude people living in group housing—such as dorms, correctional facilities, or residential nursing homes—but do include college or graduate students who live in off-campus housing. All calculations are based on persons for whom poverty status has been determined (1 to 501% or more of poverty income). Depending on the year, this portion contains 98.0 to 99.8% of the total ACS population estimate for California. The ACS top codes at 501% in

all years. Data is compiled from the ACS 1-year microdata through IPUMS-USA, University of Minnesota, www.ipums.org.

Industry (Demographics). Shown as the primary industry in which the person worked. Covers persons who have worked within the previous 5 years, but not new workers who are seeking work for the first time but have not yet secured their first job. If a person works in more than one industry, they are listed for the industry in which they earn the most money or spend the most time working. The industry groupings generally follow the occupational designations, with Healthcare, Educational Services, Utilities, and others incorporating workers at government-operated facilities. All distributions are based on the total of all industries. Data is compiled from the ACS 1-year microdata through IPUMS-USA, University of Minnesota, www.ipums.org. Because of coding changes in the surveys, estimates were not made for 2001 and 2002.

Jobs by Industry (Jobs & Wages). Number of wage and salary jobs by NAICS industry classification. Two series are used. The Quarterly Census of Employment & Wages (QCEW) is a census count based on employment tax filings, and includes number of jobs, establishments, and wages paid (incorporating both average hours worked and average hourly wage). Data is issued quarterly. Current Employment Survey is based on a monthly survey of jobs covering number of jobs by NAICS industry and for selected industry classifications, average hourly wage and average weekly hours worked. Both series are available through US Bureau of Labor Statistics and California Employment Development Department (which does not include the CES wage and hour data).

Labor Force (Demographics). For persons age 16 and over, indicates whether they were Employed, Unemployed, or not in the labor force (NILF). The specific survey question determines their labor force status in the prior week. All distributions are based on the total of the categories. Data is compiled from the ACS 1-year microdata through IPUMS-USA, University of Minnesota, www.ipums.org.

Labor Force (Employment). For persons age 16 and over, indicates civilian population, number in labor force, and whether they were employed, unemployed, or not in the labor force (NILF). Unemployment rate is determined by dividing the number of unemployed by the labor force. Labor force participation rate is determined by dividing labor force by civilian population. Data is compiled from the CPS monthly microdata through the Census Bureau DataFerrett. To improve the level of significance, all data is shown as 12-month moving averages. All demographic breakdowns are similar to the definitions used in the ACS calculations.

Marital Status. Marital status for persons age 16 and over grouped by Married (spouse present and spouse absent), Single with no children (separated, divorced, widowed, or never married), Single Females with 1 or more child, and Single Males with 1 or more child. All distributions are based on the total of the categories. Data is compiled from the ACS 1-year microdata through IPUMS-USA, University of Minnesota, www.ipums.org.

Nativity. Indicates where a person was born from the citizenship status variable, grouped by US Born (born in US or born abroad of US citizen parents), Born Abroad-Citizen (naturalized), and

Born Abroad-Non Citizen (not a citizen). Data is compiled from the ACS 1-year microdata through IPUMS-USA, University of Minnesota, www.ipums.org.

Regional Price Parity (RPP). Measures the differences in price levels across states and metropolitan areas for a given year, expressed as a percentage of the overall national price level. The US level is set at 100 each year, with levels for states and MSAs measured against this standard. Data is from the US Bureau of Economic Analysis and is available annually beginning in 2008.

Students at Grade Level. Determined as the percentage of students testing at proficient or above in the indicated standardized tests (met or exceeded the standard). Data shown in the charts for 2013 and earlier is the percentage of students in 2-11 testing at the proficient level or above on the California Standards Test (CST). For 2015 and after, the data is for students in 3-11 on the Smarter Balanced Assessment System (SBAC). No comparable test was given in 2014. Results from the two tests are not directly comparable. Data was through an analysis of California Department of Education data.

Tenure. Based on the number of persons living within housing that is rented or owned. Data is grouped by Own (owned free and clear or owned with a mortgage or loan) or Rent (with cash rent or no cash rent). All distributions are based on the total of these categories, dropping a very small “n/a” component. Data is compiled from the ACS 1-year microdata through IPUMS-USA, University of Minnesota, www.ipums.org.

Total Compensation. Covers total remuneration to employees both monetary and in kind, consisting of wages and salaries, employer payments for government social insurance programs, and employer payments for pension and insurance funds. The amounts are shown on an accrual basis and cover compensation liabilities incurred during the period rather than cash payments. Data is from the US Bureau of Economic Analysis, Annual State Personal Income and Employment.

Unlinked Passenger Trips (UPT). The number of passengers boarding public transportation, including busses, rail, streetcars, ferries, and other modes. A passenger is counted with each boarding regardless of whether it is part of the same journey from origin to destination.

Usual Hours Worked. Reports the number of hours per week the person worked if they worked during the previous 12 months, including time spent for paid vacation, paid sick leave, and military service. Data is grouped by 1-29 hours (part time), 30-40 hours (full time equivalent), 41-60 hours, and 60 and more hours. The hours reported cover work in all jobs. Consequently, 40 hours could be the result of full time work in one job or part time work in two or more jobs. All distributions are based on the total of the categories. Data is compiled from the ACS 1-year microdata through IPUMS-USA, University of Minnesota, www.ipums.org.

Attachment 2: Relative Share Calculations

Table 32: Age Relative Shares (from Table 6)

Year	Age	1-99%	100-199%	200-299%	300-399%	400-499%	500%+	Total	1-99%	100-199%	200-299%	300-399%	400-499%	500%+
2007	0-15	17.9%	23.4%	17.3%	11.9%	8.4%	21.2%	100.0%	1.4	1.2	1.1	0.9	0.9	0.7
2007	16-19	16.3%	21.5%	17.2%	12.5%	8.8%	23.6%	100.0%	1.3	1.2	1.1	1.0	0.9	0.8
2007	20-24	17.2%	21.3%	19.3%	13.5%	8.6%	20.2%	100.0%	1.4	1.1	1.2	1.1	0.9	0.7
2007	25-54	10.3%	16.1%	15.5%	13.1%	10.6%	34.4%	100.0%	0.8	0.9	1.0	1.0	1.1	1.1
2008	55-64	8.2%	12.5%	13.1%	11.1%	9.9%	45.3%	100.0%	0.7	0.7	0.8	0.9	1.0	1.5
2007	65+	8.0%	21.4%	17.0%	12.8%	10.2%	30.6%	100.0%	0.6	1.1	1.0	1.0	1.1	1.0
2007	Total	12.4%	18.7%	16.2%	12.6%	9.7%	30.3%	100.0%	1.0	1.0	1.0	1.0	1.0	1.0
2012	0-15	24.4%	23.7%	15.6%	10.4%	7.3%	18.6%	100.0%	1.4	1.2	1.0	0.9	0.8	0.7
2012	16-19	23.3%	24.1%	16.2%	10.7%	7.7%	17.9%	100.0%	1.4	1.2	1.0	0.9	0.9	0.7
2012	20-24	23.4%	24.4%	17.8%	11.5%	7.2%	15.7%	100.0%	1.4	1.2	1.1	1.0	0.8	0.6
2012	25-54	14.4%	18.6%	15.8%	12.2%	9.4%	29.6%	100.0%	0.9	0.9	1.0	1.0	1.1	1.1
2012	55-64	11.4%	15.0%	13.3%	11.7%	9.6%	39.0%	100.0%	0.7	0.7	0.8	1.0	1.1	1.5
2012	65+	10.1%	20.8%	16.6%	12.9%	9.8%	29.9%	100.0%	0.6	1.0	1.1	1.1	1.1	1.1
2012	Total	16.9%	20.3%	15.8%	11.7%	8.8%	26.7%	100.0%	1.0	1.0	1.0	1.0	1.0	1.0
2016	0-15	20.5%	22.9%	15.9%	10.7%	7.6%	22.4%	100.0%	1.4	1.2	1.0	0.9	0.8	0.7
2016	16-19	19.1%	22.6%	17.0%	11.2%	8.2%	21.9%	100.0%	1.3	1.2	1.1	0.9	0.9	0.7
2016	20-24	19.7%	21.8%	19.1%	12.1%	8.4%	18.9%	100.0%	1.4	1.2	1.2	1.0	0.9	0.6
2016	25-54	12.1%	16.3%	15.7%	12.3%	10.2%	33.4%	100.0%	0.8	0.9	1.0	1.0	1.1	1.1
2016	55-64	11.3%	13.7%	12.8%	11.4%	9.6%	41.1%	100.0%	0.8	0.7	0.8	1.0	1.0	1.3
2016	65+	10.4%	18.2%	15.6%	12.1%	9.8%	33.9%	100.0%	0.7	1.0	1.0	1.0	1.1	1.1
2016	Total	14.4%	18.3%	15.7%	11.8%	9.3%	30.5%	100.0%	1.0	1.0	1.0	1.0	1.0	1.0

Source: Analysis of ACS data, IPUMS-USA, University of Minnesota, www.ipums.org

Table 33: Gender Relative Shares (from Table 7)

Year	Gender	1-99%	100-199%	200-299%	300-399%	400-499%	500%+	Total	1-99%	100-199%	200-299%	300-399%	400-499%	500%+
2007	female	13.5%	19.1%	16.1%	12.5%	9.4%	29.4%	100.0%	1.1	1.0	1.0	1.0	1.0	1.0
2007	male	11.4%	18.3%	16.3%	12.7%	10.0%	31.3%	100.0%	0.9	1.0	1.0	1.0	1.0	1.0
2007	Total	12.4%	18.7%	16.2%	12.6%	9.7%	30.3%	100.0%	1.0	1.0	1.0	1.0	1.0	1.0
2012	female	17.8%	20.5%	15.7%	11.6%	8.6%	25.8%	100.0%	1.1	1.0	1.0	1.0	1.0	1.0
2012	male	15.9%	20.0%	15.8%	11.8%	8.9%	27.5%	100.0%	0.9	1.0	1.0	1.0	1.0	1.0
2012	Total	16.9%	20.3%	15.8%	11.7%	8.8%	26.7%	100.0%	1.0	1.0	1.0	1.0	1.0	1.0
2016	female	15.4%	18.7%	15.6%	11.6%	9.1%	29.6%	100.0%	1.1	1.0	1.0	1.0	1.0	1.0
2016	male	13.3%	18.0%	15.8%	11.9%	9.5%	31.5%	100.0%	0.9	1.0	1.0	1.0	1.0	1.0
2016	Total	14.4%	18.3%	15.7%	11.8%	9.3%	30.5%	100.0%	1.0	1.0	1.0	1.0	1.0	1.0

Source: Analysis of ACS data, IPUMS-USA, University of Minnesota, www.ipums.org

Table 34: Ethnicity/Race Relative Shares (from Table 8)

Year	Ethnicity/Race	1-99%	100-199%	200-299%	300-399%	400-499%	500%+	Total	1-99%	100-199%	200-299%	300-399%	400-499%	500%+
2007	Latino	17.8%	28.9%	21.2%	12.7%	7.2%	12.2%	100.0%	1.4	1.5	1.3	1.0	0.7	0.4
2007	White	7.6%	11.3%	12.5%	12.3%	11.5%	44.7%	100.0%	0.6	0.6	0.8	1.0	1.2	1.5
2007	Asian-PI	9.7%	14.0%	14.8%	12.8%	11.3%	37.3%	100.0%	0.8	0.7	0.9	1.0	1.2	1.2
2007	Black	20.3%	20.7%	15.6%	12.8%	8.5%	22.2%	100.0%	1.6	1.1	1.0	1.0	0.9	0.7
2007	Other	12.1%	15.2%	15.7%	13.5%	10.6%	32.9%	100.0%	1.0	0.8	1.0	1.1	1.1	1.1
2007	Total	12.4%	18.7%	16.2%	12.6%	9.7%	30.3%	100.0%	1.0	1.0	1.0	1.0	1.0	1.0
2012	Latino	24.0%	29.4%	19.0%	11.0%	6.2%	10.4%	100.0%	1.4	1.5	1.2	0.9	0.7	0.4
2012	White	10.3%	13.3%	13.2%	12.2%	10.6%	40.3%	100.0%	0.6	0.7	0.8	1.0	1.2	1.5
2012	Asian-PI	12.3%	15.7%	14.3%	11.9%	10.6%	35.2%	100.0%	0.7	0.8	0.9	1.0	1.2	1.3
2012	Black	25.5%	20.0%	15.2%	11.9%	8.3%	19.1%	100.0%	1.5	1.0	1.0	1.0	0.9	0.7
2012	Other	16.5%	16.1%	14.1%	12.6%	10.3%	30.5%	100.0%	1.0	0.8	0.9	1.1	1.2	1.1
2012	Total	16.9%	20.3%	15.8%	11.7%	8.8%	26.7%	100.0%	1.0	1.0	1.0	1.0	1.0	1.0
2016	Latino	19.0%	27.3%	20.4%	12.3%	7.7%	13.3%	100.0%	1.3	1.5	1.3	1.0	0.8	0.4
2016	White	9.6%	11.5%	12.1%	11.3%	10.7%	44.8%	100.0%	0.7	0.6	0.8	1.0	1.1	1.5
2016	Asian-PI	11.3%	12.9%	13.5%	11.5%	10.2%	40.7%	100.0%	0.8	0.7	0.9	1.0	1.1	1.3
2016	Black	22.3%	18.9%	15.2%	11.4%	8.7%	23.4%	100.0%	1.6	1.0	1.0	1.0	0.9	0.8
2016	Other	14.0%	13.5%	12.7%	12.0%	9.9%	38.0%	100.0%	1.0	0.7	0.8	1.0	1.1	1.2
2016	Total	14.4%	18.3%	15.7%	11.8%	9.3%	30.5%	100.0%	1.0	1.0	1.0	1.0	1.0	1.0

Source: Analysis of ACS data, IPUMS-USA, University of Minnesota, www.ipums.org

Table 35: Educational Attainment Relative Shares (from Table 9)

Year	Highest Education Level	1-99%	100-199%	200-299%	300-399%	400-499%	500%+	Total	1-99%	100-199%	200-299%	300-399%	400-499%	500%+
2007	Less Than HS	20.0%	33.3%	21.2%	11.2%	5.8%	8.4%	100.0%	2.1	2.0	1.4	0.9	0.6	0.2
2007	High School/GED	11.3%	20.0%	19.9%	15.5%	10.8%	22.6%	100.0%	1.2	1.2	1.3	1.2	1.0	0.6
2007	Some College	7.6%	13.5%	16.2%	15.1%	12.7%	34.8%	100.0%	0.8	0.8	1.1	1.2	1.2	1.0
2007	AA	5.8%	11.8%	13.8%	14.3%	12.9%	41.5%	100.0%	0.6	0.7	0.9	1.1	1.2	1.2
2007	Bachelor's	4.3%	6.8%	9.2%	11.0%	11.9%	56.9%	100.0%	0.4	0.4	0.6	0.9	1.1	1.6
2007	Grad Degree	3.1%	4.3%	6.0%	7.2%	9.2%	70.3%	100.0%	0.3	0.3	0.4	0.6	0.9	2.0
2007	Total	9.6%	16.5%	15.4%	12.7%	10.4%	35.4%	100.0%	1.0	1.0	1.0	1.0	1.0	1.0
2012	Less Than HS	26.4%	34.4%	19.2%	9.3%	4.4%	6.3%	100.0%	2.0	1.9	1.2	0.8	0.5	0.2
2012	High School/GED	15.8%	23.6%	19.7%	14.1%	9.4%	17.4%	100.0%	1.2	1.3	1.3	1.2	1.0	0.6
2012	Some College	11.6%	17.0%	17.6%	14.9%	11.6%	27.3%	100.0%	0.9	0.9	1.1	1.2	1.2	0.9
2012	AA	9.6%	14.4%	15.8%	14.1%	11.7%	34.5%	100.0%	0.7	0.8	1.0	1.1	1.2	1.1
2012	Bachelor's	6.0%	8.5%	10.8%	11.8%	11.3%	51.6%	100.0%	0.5	0.5	0.7	1.0	1.2	1.6
2012	Grad Degree	4.3%	5.6%	6.4%	7.9%	9.2%	66.6%	100.0%	0.3	0.3	0.4	0.6	1.0	2.1
2012	Total	13.1%	18.3%	15.5%	12.2%	9.5%	31.3%	100.0%	1.0	1.0	1.0	1.0	1.0	1.0
2016	Less Than HS	22.9%	31.1%	20.6%	10.9%	6.1%	8.4%	100.0%	2.0	1.9	1.4	0.9	0.6	0.2
2016	High School/GED	14.7%	21.1%	19.8%	14.3%	9.9%	20.2%	100.0%	1.3	1.3	1.3	1.2	1.0	0.6
2016	Some College	10.7%	15.8%	16.8%	14.5%	11.8%	30.5%	100.0%	0.9	1.0	1.1	1.2	1.2	0.9
2016	AA	8.6%	13.0%	15.0%	14.0%	12.4%	37.0%	100.0%	0.7	0.8	1.0	1.2	1.2	1.1
2016	Bachelor's	5.7%	7.5%	9.9%	10.7%	11.1%	55.0%	100.0%	0.5	0.5	0.7	0.9	1.1	1.6
2016	Grad Degree	4.3%	4.9%	6.2%	7.1%	9.1%	68.4%	100.0%	0.4	0.3	0.4	0.6	0.9	2.0
2016	Total	11.6%	16.2%	15.2%	12.1%	10.0%	34.9%	100.0%	1.0	1.0	1.0	1.0	1.0	1.0

Source: Analysis of ACS data, IPUMS-USA, University of Minnesota, www.ipums.org

Table 36: Nativity Relative Shares (from Table 10)

Year	Nativity	1-99%	100-199%	200-299%	300-399%	400-499%	500%+	Total	1-99%	100-199%	200-299%	300-399%	400-499%	500%+
2007	US Born	11.7%	16.2%	15.2%	12.7%	10.4%	33.9%	100.0%	0.9	0.9	0.9	1.0	1.1	1.1
2007	Born Abroad-Citizen	8.1%	18.1%	17.3%	14.0%	10.5%	31.9%	100.0%	0.7	1.0	1.1	1.1	1.1	1.1
2007	Born Abroad-Non Citizen	19.2%	30.6%	20.2%	11.1%	6.1%	12.8%	100.0%	1.5	1.6	1.2	0.9	0.6	0.4
2007	Total	12.4%	18.7%	16.2%	12.6%	9.7%	30.3%	100.0%	1.0	1.0	1.0	1.0	1.0	1.0
2012	US Born	16.2%	18.2%	15.2%	12.0%	9.4%	29.1%	100.0%	1.0	0.9	1.0	1.0	1.1	1.1
2012	Born Abroad-Citizen	11.0%	20.0%	17.0%	13.2%	9.7%	29.1%	100.0%	0.7	1.0	1.1	1.1	1.1	1.1
2012	Born Abroad-Non Citizen	25.8%	30.9%	17.6%	9.0%	4.6%	12.1%	100.0%	1.5	1.5	1.1	0.8	0.5	0.5
2012	Total	16.9%	20.3%	15.8%	11.7%	8.8%	26.7%	100.0%	1.0	1.0	1.0	1.0	1.0	1.0
2016	US Born	13.9%	16.7%	15.0%	11.8%	9.7%	32.9%	100.0%	1.0	0.9	1.0	1.0	1.0	1.1
2016	Born Abroad-Citizen	10.4%	17.4%	16.3%	13.2%	9.8%	32.9%	100.0%	0.7	0.9	1.0	1.1	1.1	1.1
2016	Born Abroad-Non Citizen	21.3%	28.0%	19.1%	9.9%	6.4%	15.4%	100.0%	1.5	1.5	1.2	0.8	0.7	0.5
2016	Total	14.4%	18.3%	15.7%	11.8%	9.3%	30.5%	100.0%	1.0	1.0	1.0	1.0	1.0	1.0

Source: Analysis of ACS data, IPUMS-USA, University of Minnesota, www.ipums.org

Note: US Born includes born abroad of US citizens

Table 37: Marital Status by Income to Poverty Ratio, Persons Age 15 & Over, California (from Table 11)

Year	Status	1-99%	100-199%	200-299%	300-399%	400-499%	500%+	Total	1-99%	100-199%	200-299%	300-399%	400-499%	500%+
2007	Married	6.1%	14.5%	14.9%	12.6%	10.6%	41.3%	100.0%	0.5	0.8	0.9	1.0	1.1	1.4
2007	Single, no child	15.9%	21.0%	16.9%	12.5%	9.3%	24.4%	100.0%	1.3	1.1	1.0	1.0	1.0	0.8
2007	Single, Female, 1 or more child	21.8%	23.3%	18.1%	12.0%	8.5%	16.3%	100.0%	1.8	1.2	1.1	1.0	0.9	0.5
2007	Single, Male, 1 or more child	14.5%	23.0%	19.2%	13.9%	9.0%	20.5%	100.0%	1.2	1.2	1.2	1.1	0.9	0.7
2007	Total	12.4%	18.7%	16.2%	12.6%	9.7%	30.3%	100.0%	1.0	1.0	1.0	1.0	1.0	1.0
2012	Married	8.4%	16.3%	14.8%	12.5%	10.2%	37.8%	100.0%	0.5	0.8	0.9	1.1	1.2	1.4
2012	Single, no child	21.3%	22.2%	16.1%	11.3%	8.1%	21.1%	100.0%	1.3	1.1	1.0	1.0	0.9	0.8
2012	Single, Female, 1 or more child	27.2%	24.5%	17.4%	11.0%	6.8%	13.1%	100.0%	1.6	1.2	1.1	0.9	0.8	0.5
2012	Single, Male, 1 or more child	21.2%	27.0%	18.3%	11.3%	7.1%	15.1%	100.0%	1.3	1.3	1.2	1.0	0.8	0.6
2012	Total	16.9%	20.3%	15.8%	11.7%	8.8%	26.7%	100.0%	1.0	1.0	1.0	1.0	1.0	1.0
2016	Married	7.0%	14.3%	14.2%	12.0%	10.1%	42.3%	100.0%	0.5	0.8	0.9	1.0	1.1	1.4
2016	Single, no child	18.5%	20.4%	16.3%	11.5%	8.9%	24.4%	100.0%	1.3	1.1	1.0	1.0	1.0	0.8
2016	Single, Female, 1 or more child	23.0%	23.6%	17.6%	12.1%	7.9%	15.8%	100.0%	1.6	1.3	1.1	1.0	0.8	0.5
2016	Single, Male, 1 or more child	16.7%	22.4%	20.0%	12.4%	9.5%	19.0%	100.0%	1.2	1.2	1.3	1.1	1.0	0.6
2016	Total	14.4%	18.3%	15.7%	11.8%	9.3%	30.5%	100.0%	1.0	1.0	1.0	1.0	1.0	1.0

Source: Analysis of ACS data, IPUMS-USA, University of Minnesota, www.ipums.org

Table 38: Labor Force Status Relative Shares (from Table 12)

Year	Status	1-99%	100-199%	200-299%	300-399%	400-499%	500%+	Total	1-99%	100-199%	200-299%	300-399%	400-499%	500%+
2007	Employed	5.7%	14.2%	15.5%	13.6%	11.2%	39.7%	100.0%	0.5	0.8	1.0	1.1	1.1	1.2
2007	Unemployed	23.2%	22.5%	17.6%	11.6%	7.7%	17.4%	100.0%	2.1	1.3	1.1	0.9	0.8	0.5
2007	NILF	18.3%	22.1%	16.4%	11.4%	8.5%	23.3%	100.0%	1.7	1.3	1.0	0.9	0.8	0.7
2007	Total	10.8%	17.3%	15.9%	12.8%	10.1%	33.1%	100.0%	1.0	1.0	1.0	1.0	1.0	1.0
2012	Employed	7.9%	16.7%	16.1%	13.1%	10.3%	36.0%	100.0%	0.5	0.9	1.0	1.1	1.1	1.2
2012	Unemployed	31.1%	24.2%	15.4%	9.7%	6.3%	13.3%	100.0%	2.1	1.3	1.0	0.8	0.7	0.5
2012	NILF	22.7%	22.7%	15.5%	10.8%	7.8%	20.6%	100.0%	1.5	1.2	1.0	0.9	0.9	0.7
2012	Total	14.8%	19.3%	15.8%	12.1%	9.2%	28.9%	100.0%	1.0	1.0	1.0	1.0	1.0	1.0
2016	Employed	6.7%	14.6%	15.7%	12.9%	11.0%	39.2%	100.0%	0.5	0.9	1.0	1.1	1.1	1.2
2016	Unemployed	27.9%	22.1%	15.8%	10.4%	6.8%	17.1%	100.0%	2.2	1.3	1.0	0.9	0.7	0.5
2016	NILF	21.3%	20.8%	15.5%	10.8%	8.0%	23.6%	100.0%	1.7	1.2	1.0	0.9	0.8	0.7
2016	Total	12.8%	17.1%	15.6%	12.0%	9.7%	32.7%	100.0%	1.0	1.0	1.0	1.0	1.0	1.0

Source: Analysis of ACS data, IPUMS-USA, University of Minnesota, www.ipums.org

Note: NILF – not in labor force

Table 39: Class of Worker Relative Shares (from Table 13)

Year	Class	1-99%	100-199%	200-299%	300-399%	400-499%	500%+	Total	1-99%	100-199%	200-299%	300-399%	400-499%	500%+
2007	Self-Employed	8.7%	13.9%	13.2%	10.7%	9.4%	44.1%	100.0%	1.0	0.9	0.8	0.8	0.9	1.2
2007	W/S Private	9.1%	16.9%	17.0%	13.6%	10.4%	33.0%	100.0%	1.1	1.1	1.1	1.0	1.0	0.9
2007	W/S Non-profit	6.9%	11.9%	14.1%	13.1%	11.8%	42.2%	100.0%	0.8	0.8	0.9	1.0	1.1	1.1
2007	W/S Government	4.8%	8.6%	11.7%	13.4%	12.8%	48.7%	100.0%	0.6	0.6	0.7	1.0	1.2	1.3
2007	Total	8.3%	15.1%	15.6%	13.2%	10.7%	37.1%	100.0%	1.0	1.0	1.0	1.0	1.0	1.0
2012	Self-Employed	13.7%	17.3%	14.3%	11.1%	8.7%	34.9%	100.0%	1.2	1.0	0.9	0.9	0.9	1.1
2012	W/S Private	12.1%	19.4%	16.9%	12.7%	9.3%	29.7%	100.0%	1.1	1.1	1.1	1.0	0.9	0.9
2012	W/S Non-profit	9.1%	13.1%	14.3%	12.6%	11.2%	39.7%	100.0%	0.8	0.7	0.9	1.0	1.1	1.2
2012	W/S Government	7.1%	10.7%	12.7%	13.1%	12.6%	43.7%	100.0%	0.6	0.6	0.8	1.0	1.3	1.3
2012	Total	11.4%	17.5%	15.8%	12.5%	9.8%	33.0%	100.0%	1.0	1.0	1.0	1.0	1.0	1.0
2016	Self-Employed	11.4%	15.7%	13.7%	10.8%	9.0%	39.4%	100.0%	1.2	1.0	0.9	0.9	0.9	1.1
2016	W/S Private	9.6%	16.6%	16.7%	12.8%	10.3%	34.0%	100.0%	1.0	1.1	1.1	1.0	1.0	0.9
2016	W/S Non-profit	7.2%	11.6%	13.5%	12.9%	10.6%	44.2%	100.0%	0.8	0.8	0.9	1.0	1.0	1.2
2016	W/S Government	5.9%	9.5%	12.6%	12.8%	12.6%	46.7%	100.0%	0.6	0.6	0.8	1.0	1.2	1.3
2016	Total	9.2%	15.2%	15.6%	12.6%	10.5%	37.0%	100.0%	1.0	1.0	1.0	1.0	1.0	1.0

Source: Analysis of ACS data, IPUMS-USA, University of Minnesota, www.ipums.org

Table 40: Industry of Employment Relative Shares (from Table 14)

Year	Industry	1-99%	100-199%	200-299%	300-399%	400-499%	500%+	Total	1-99%	100-199%	200-299%	300-399%	400-499%	500%+
2007	Lower Wage	13.3%	21.2%	18.9%	13.7%	9.5%	23.4%	100.0%	1.6	1.4	1.2	1.0	0.9	0.6
2007	Blue Collar Middle Class	8.1%	17.6%	17.4%	13.9%	10.6%	32.4%	100.0%	1.0	1.2	1.1	1.1	1.0	0.9
2007	Healthcare	7.6%	13.5%	15.5%	13.1%	11.0%	39.2%	100.0%	0.9	0.9	1.0	1.0	1.0	1.1
2007	White Collar Middle Class	5.8%	8.8%	12.1%	12.8%	12.4%	48.0%	100.0%	0.7	0.6	0.8	1.0	1.2	1.3
2007	Higher Wage	4.0%	7.7%	10.3%	11.7%	11.1%	55.2%	100.0%	0.5	0.5	0.7	0.9	1.0	1.5
2007	Active Duty Military	2.2%	13.9%	18.0%	18.2%	14.3%	33.5%	100.0%	0.3	0.9	1.2	1.4	1.3	0.9
2007	Total	8.5%	15.2%	15.6%	13.2%	10.7%	36.9%	100.0%	1.0	1.0	1.0	1.0	1.0	1.0
2012	Lower Wage	16.9%	25.1%	18.5%	12.5%	8.1%	18.9%	100.0%	1.4	1.4	1.2	1.0	0.8	0.6
2012	Blue Collar Middle Class	11.9%	19.4%	17.4%	12.8%	9.5%	29.0%	100.0%	1.0	1.1	1.1	1.0	1.0	0.9
2012	Healthcare	9.6%	15.6%	15.5%	13.0%	10.4%	36.0%	100.0%	0.8	0.9	1.0	1.0	1.1	1.1
2012	White Collar Middle Class	8.1%	11.0%	13.2%	12.9%	11.8%	43.0%	100.0%	0.7	0.6	0.8	1.0	1.2	1.3
2012	Higher Wage	5.9%	9.3%	11.3%	11.4%	10.6%	51.4%	100.0%	0.5	0.5	0.7	0.9	1.1	1.6
2012	Active Duty Military	3.1%	16.0%	19.2%	21.7%	12.1%	27.9%	100.0%	0.3	0.9	1.2	1.7	1.3	0.9
2012	Total	11.9%	17.6%	15.8%	12.5%	9.7%	32.5%	100.0%	1.0	1.0	1.0	1.0	1.0	1.0
2016	Lower Wage	13.7%	22.1%	19.5%	13.1%	9.7%	21.9%	100.0%	1.4	1.4	1.3	1.0	0.9	0.6
2016	Blue Collar Middle Class	9.1%	17.2%	17.2%	13.3%	10.4%	32.7%	100.0%	1.0	1.1	1.1	1.1	1.0	0.9
2016	Healthcare	7.7%	12.9%	14.8%	13.4%	10.8%	40.3%	100.0%	0.8	0.8	1.0	1.1	1.0	1.1
2016	White Collar Middle Class	7.2%	10.1%	13.0%	12.2%	12.2%	45.4%	100.0%	0.8	0.7	0.8	1.0	1.2	1.2
2016	Higher Wage	5.0%	7.2%	9.6%	10.1%	10.1%	58.0%	100.0%	0.5	0.5	0.6	0.8	1.0	1.6
2016	Active Duty Military	6.0%	15.2%	19.7%	16.2%	14.1%	28.9%	100.0%	0.6	1.0	1.3	1.3	1.4	0.8
2016	Total	9.5%	15.3%	15.6%	12.5%	10.4%	36.7%	100.0%	1.0	1.0	1.0	1.0	1.0	1.0

Source: Analysis of ACS data, IPUMS-USA, University of Minnesota, www.ipums.org

Table 41: Usual Weekly Hours Worked Relative Shares (from Table 15)

Year	Weekly Hours	1-99%	100-199%	200-299%	300-399%	400-499%	500%+	Total	1-99%	100-199%	200-299%	300-399%	400-499%	500%+
2007	1-29	15.6%	17.4%	14.6%	11.8%	9.6%	31.1%	100.0%	2.2	1.2	0.9	0.9	0.9	0.8
2007	30-40	6.3%	16.3%	17.3%	14.6%	11.1%	34.3%	100.0%	0.9	1.1	1.1	1.1	1.0	0.9
2007	41-60	2.8%	8.6%	11.8%	11.6%	11.4%	53.8%	100.0%	0.4	0.6	0.8	0.9	1.0	1.4
2007	61+	3.8%	9.9%	12.3%	12.2%	10.9%	50.9%	100.0%	0.5	0.7	0.8	0.9	1.0	1.3
2007	Total	7.0%	14.7%	15.6%	13.5%	10.9%	38.3%	100.0%	1.0	1.0	1.0	1.0	1.0	1.0
2012	1-29	20.6%	21.5%	15.1%	11.0%	8.2%	23.5%	100.0%	2.2	1.3	0.9	0.9	0.8	0.7
2012	30-40	7.5%	18.0%	17.6%	14.0%	10.6%	32.4%	100.0%	0.8	1.1	1.1	1.1	1.0	0.9
2012	41-60	3.5%	10.1%	12.0%	11.5%	10.5%	52.3%	100.0%	0.4	0.6	0.8	0.9	1.0	1.5
2012	61+	4.6%	13.5%	14.0%	11.6%	9.5%	46.8%	100.0%	0.5	0.8	0.9	0.9	0.9	1.3
2012	Total	9.2%	17.1%	16.0%	12.9%	10.1%	34.8%	100.0%	1.0	1.0	1.0	1.0	1.0	1.0
2016	1-29	17.6%	19.4%	15.8%	11.2%	8.7%	27.2%	100.0%	2.3	1.3	1.0	0.9	0.8	0.7
2016	30-40	6.3%	15.8%	17.2%	13.8%	11.3%	35.7%	100.0%	0.8	1.1	1.1	1.1	1.0	0.9
2016	41-60	3.0%	8.8%	11.3%	10.9%	11.0%	55.1%	100.0%	0.4	0.6	0.7	0.9	1.0	1.4
2016	61+	3.9%	9.8%	12.6%	11.6%	10.7%	51.4%	100.0%	0.5	0.7	0.8	0.9	1.0	1.3
2016	Total	7.6%	14.9%	15.7%	12.8%	10.8%	38.3%	100.0%	1.0	1.0	1.0	1.0	1.0	1.0

Source: Analysis of ACS data, IPUMS-USA, University of Minnesota, www.ipums.org

Table 42: Rent Cost Burden by Income to Poverty Ratio, All Persons Living in Rented Housing Units, California (from Table 16)

Year	Cost Burden	1-99%	100-199%	200-299%	300-399%	400-499%	500%+	Total	1-99%	100-199%	200-299%	300-399%	400-499%	500%+
2007	0-29%	6.4%	17.5%	20.5%	16.8%	12.2%	26.6%	100.0%	0.3	0.6	1.2	1.5	1.7	1.9
2007	30-49%	16.0%	42.6%	23.3%	10.8%	4.2%	3.1%	100.0%	0.7	1.5	1.3	0.9	0.6	0.2
2007	50%+	59.1%	33.1%	5.8%	1.4%	0.5%	0.2%	100.0%	2.7	1.2	0.3	0.1	0.1	0.0
2007	Total	21.9%	28.0%	17.6%	11.4%	7.2%	13.9%	100.0%	1.0	1.0	1.0	1.0	1.0	1.0
2012	0-29%	7.7%	17.4%	20.4%	15.7%	11.3%	27.5%	100.0%	0.3	0.6	1.2	1.6	1.8	2.1
2012	30-49%	18.5%	43.3%	21.7%	9.8%	4.0%	2.7%	100.0%	0.7	1.6	1.3	1.0	0.7	0.2
2012	50%+	65.2%	27.9%	5.3%	1.1%	0.2%	0.2%	100.0%	2.4	1.0	0.3	0.1	0.0	0.0
2012	Total	27.3%	27.4%	16.4%	9.9%	6.1%	12.9%	100.0%	1.0	1.0	1.0	1.0	1.0	1.0
2016	0-29%	6.5%	14.7%	19.6%	15.7%	11.5%	32.0%	100.0%	0.3	0.6	1.1	1.5	1.6	1.9
2016	30-49%	16.5%	39.7%	23.6%	10.5%	5.4%	4.2%	100.0%	0.7	1.5	1.4	1.0	0.8	0.3
2016	50%+	58.4%	31.9%	7.2%	1.6%	0.6%	0.3%	100.0%	2.6	1.2	0.4	0.2	0.1	0.0
2016	Total	22.7%	25.7%	17.4%	10.7%	7.1%	16.4%	100.0%	1.0	1.0	1.0	1.0	1.0	1.0

Source: Analysis of ACS data, IPUMS-USA, University of Minnesota, www.ipums.org

Table 43: Commuting Means of Transportation by Income to Poverty Ratio, All Commuters, California (from Table 17)

Year	Mode	1-99%	100-199%	200-299%	300-399%	400-499%	500%+	Total	1-99%	100-199%	200-299%	300-399%	400-499%	500%+
2007	Drive Alone	4.3%	12.2%	15.0%	13.9%	12.0%	42.6%	100.0%	0.8	0.9	1.0	1.0	1.1	1.1
2007	Carpool	7.8%	20.1%	19.7%	13.7%	9.6%	29.2%	100.0%	1.4	1.4	1.3	1.0	0.9	0.7
2007	Public Transit	13.7%	23.6%	16.1%	12.0%	7.7%	27.0%	100.0%	2.4	1.7	1.0	0.9	0.7	0.7
2007	Other	12.2%	22.7%	16.7%	12.8%	8.6%	26.9%	100.0%	2.2	1.6	1.1	0.9	0.8	0.7
2007	Work at Home	6.6%	11.8%	11.8%	11.1%	10.0%	48.7%	100.0%	1.2	0.8	0.8	0.8	0.9	1.2
2007	Total	5.7%	14.2%	15.6%	13.6%	11.2%	39.7%	100.0%	1.0	1.0	1.0	1.0	1.0	1.0
2012	Drive Alone	6.4%	15.1%	15.9%	13.6%	11.0%	38.0%	100.0%	0.8	0.9	1.0	1.0	1.1	1.1
2012	Carpool	10.3%	21.1%	18.2%	13.1%	9.1%	28.2%	100.0%	1.3	1.3	1.1	1.0	0.9	0.8
2012	Public Transit	13.6%	24.0%	16.9%	10.7%	6.9%	27.8%	100.0%	1.8	1.4	1.1	0.8	0.7	0.8
2012	Other	16.3%	22.7%	16.9%	11.5%	7.8%	24.7%	100.0%	2.1	1.4	1.1	0.9	0.8	0.7
2012	Work at Home	7.9%	15.8%	12.8%	10.2%	9.3%	43.9%	100.0%	1.0	1.0	0.8	0.8	0.9	1.2
2012	Total	7.8%	16.6%	16.1%	13.1%	10.3%	36.0%	100.0%	1.0	1.0	1.0	1.0	1.0	1.0
2016	Drive Alone	5.7%	13.6%	15.6%	13.2%	11.5%	40.3%	100.0%	0.9	0.9	1.0	1.0	1.1	1.0
2016	Carpool	8.2%	18.9%	18.8%	14.1%	10.4%	29.6%	100.0%	1.2	1.3	1.2	1.1	1.0	0.8
2016	Public Transit	10.9%	17.9%	14.3%	9.9%	8.4%	38.6%	100.0%	1.6	1.2	0.9	0.8	0.8	1.0
2016	Other	12.6%	20.5%	16.5%	10.4%	8.5%	31.5%	100.0%	1.9	1.4	1.1	0.8	0.8	0.8
2016	Work at Home	7.1%	12.0%	12.1%	10.8%	9.1%	48.9%	100.0%	1.1	0.8	0.8	0.8	0.8	1.2
2016	Total	6.6%	14.6%	15.7%	12.9%	10.9%	39.2%	100.0%	1.0	1.0	1.0	1.0	1.0	1.0

Source: Analysis of ACS data, IPUMS-USA, University of Minnesota, www.ipums.org

Table 44: Commuting Time to Work (One-Way) by Income to Poverty Ratio, All Commuters, California (from Table 18)

Year	Minutes	1-99%	100-199%	200-299%	300-399%	400-499%	500%+	Total	1-99%	100-199%	200-299%	300-399%	400-499%	500%+
2007	1-30	5.9%	15.0%	16.2%	14.0%	11.2%	37.7%	100.0%	1.0	1.0	1.0	1.0	1.0	1.0
2007	31-60	4.9%	12.5%	14.3%	12.7%	11.2%	44.3%	100.0%	0.9	0.9	0.9	0.9	1.0	1.1
2007	61+	5.1%	12.7%	14.0%	13.2%	12.1%	42.8%	100.0%	0.9	0.9	0.9	1.0	1.1	1.1
2007	Total	5.6%	14.4%	15.7%	13.7%	11.3%	39.3%	100.0%	1.0	1.0	1.0	1.0	1.0	1.0
2012	1-30	8.2%	17.3%	16.7%	13.4%	10.3%	34.0%	100.0%	1.1	1.0	1.0	1.0	1.0	1.0
2012	31-60	6.3%	14.8%	14.9%	13.2%	10.6%	40.1%	100.0%	0.8	0.9	0.9	1.0	1.0	1.1
2012	61+	7.2%	14.8%	14.5%	11.8%	10.4%	41.3%	100.0%	0.9	0.9	0.9	0.9	1.0	1.2
2012	Total	7.8%	16.7%	16.3%	13.3%	10.4%	35.6%	100.0%	1.0	1.0	1.0	1.0	1.0	1.0
2016	1-30	7.1%	15.7%	16.6%	13.3%	11.0%	36.3%	100.0%	1.1	1.1	1.0	1.0	1.0	0.9
2016	31-60	5.3%	12.5%	14.3%	12.4%	11.3%	44.3%	100.0%	0.8	0.8	0.9	1.0	1.0	1.1
2016	61+	5.8%	12.3%	13.9%	12.1%	11.0%	44.9%	100.0%	0.9	0.8	0.9	0.9	1.0	1.2
2016	Total	6.6%	14.8%	15.9%	13.0%	11.1%	38.6%	100.0%	1.0	1.0	1.0	1.0	1.0	1.0

Source: Analysis of ACS data, IPUMS-USA, University of Minnesota, www.ipums.org

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