



California Budget
& Policy Center

The California Perspective: Major Budget and Policy Shifts

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CENTER FOR NONPROFIT MANAGEMENT
ECONOMIC SUMMIT

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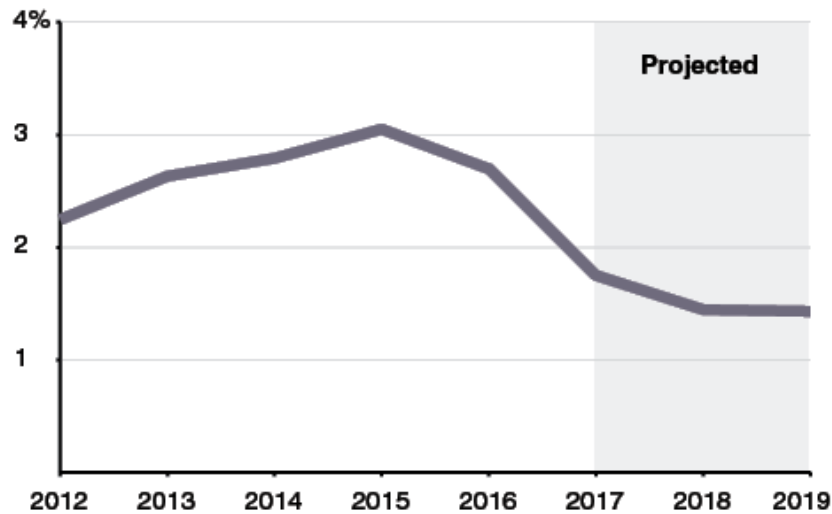
Current and near-term economic conditions in California



Figure 1

Slower Job Growth Expected

*Payroll Jobs in California,
Percent Change From Prior Year*

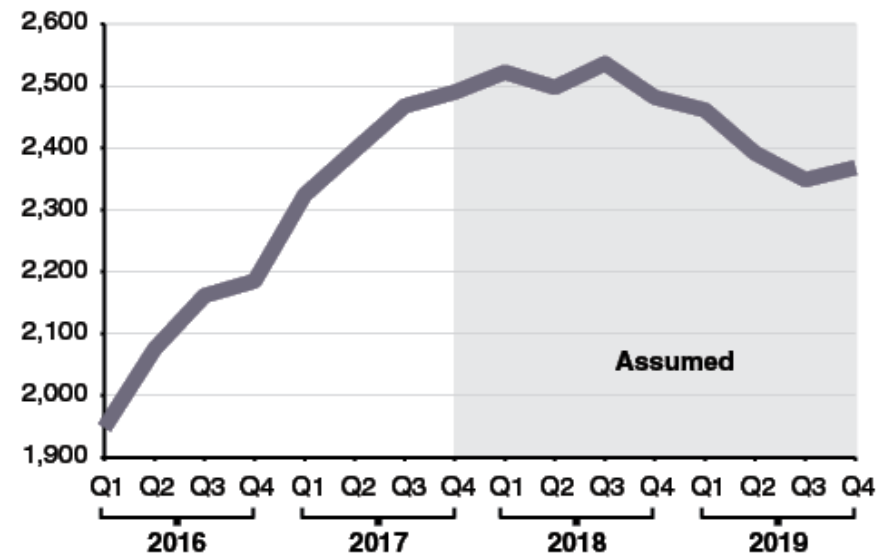


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Figure 3

Stock Market Stagnation Anticipated

S&P 500 Index, Average Level by Quarter



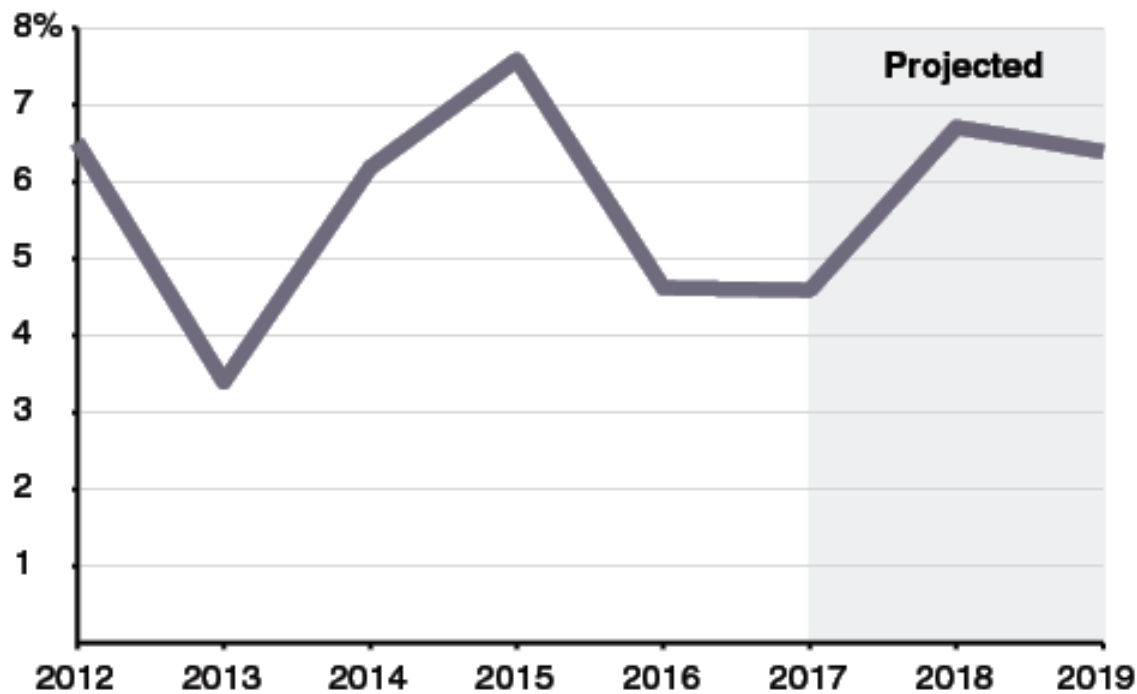
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Figure 2

Healthy Wage and Salary Growth Likely

*California Wages and Salaries,
Percent Change From Prior Year*



LAOA

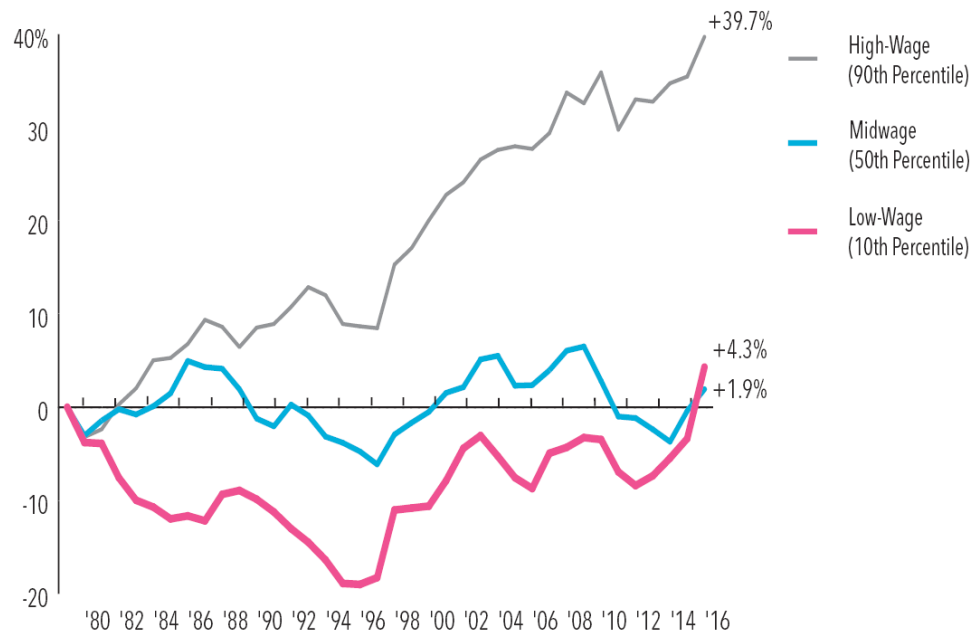


Data Hit

JANUARY 2018 | BY AMY ROSE

Modest Gains for California's Low- and Midwage Workers

Percent Change in Inflation-Adjusted Hourly Wages for Workers Ages 18 to 64 Since 1979



Source: Economic Policy Institute analysis of US Census Bureau, Current Population Survey data

● Earnings for low- and midwage workers have generally declined or stagnated for decades. In 2016, earnings for the lowest-paid workers surpassed their 1979 level for the first time in 37 years.

● This pay bump is largely due to the rising state minimum wage. California increased the minimum wage from \$8 to \$10 per hour between 2014 and 2016.

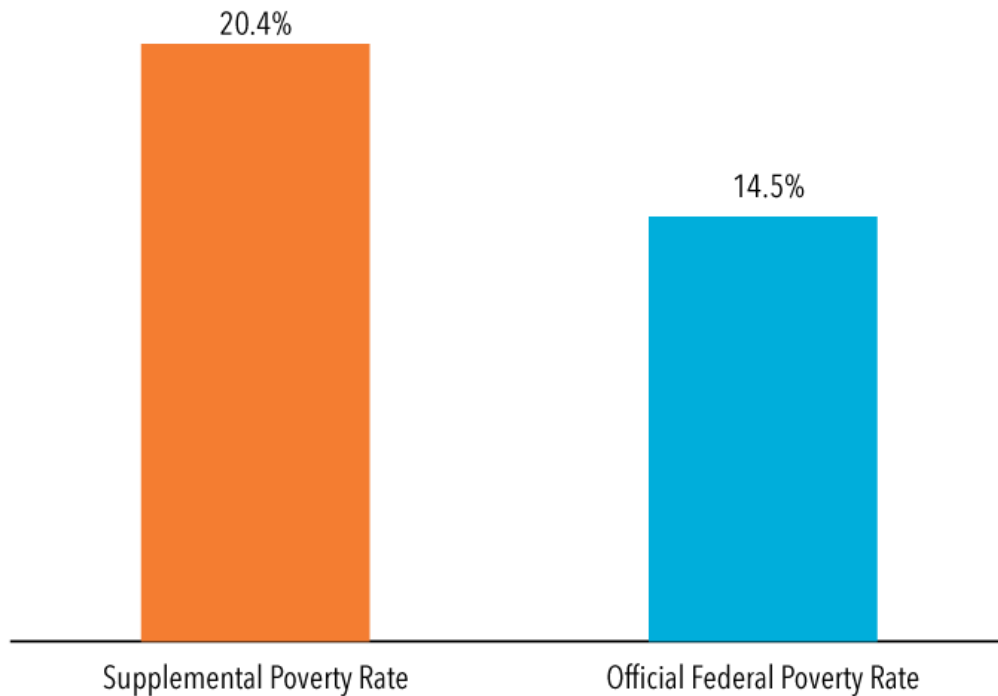
● Policy choices can help ensure that all workers along the income spectrum are better able to achieve economic security. Beginning January 1, 2018, the state's minimum wage increased to \$11 per hour and will rise annually until reaching \$15 per hour, boosting hourly pay for low-wage workers. At the same time, additional policies are needed to promote economic security for low- and midwage workers.

California has the highest poverty rate in the nation when we account for the costs of basic needs.



California's Poverty Rate Is Higher Under a More Accurate Measure of Hardship

Supplemental Poverty Rate and Official Federal Poverty Rate, 2014-2016



Source: US Census Bureau



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Official Poverty Measure

- Poverty threshold based on 1960s food expenditures



Supplemental Poverty Measure

- Poverty threshold based on current spending on basic needs



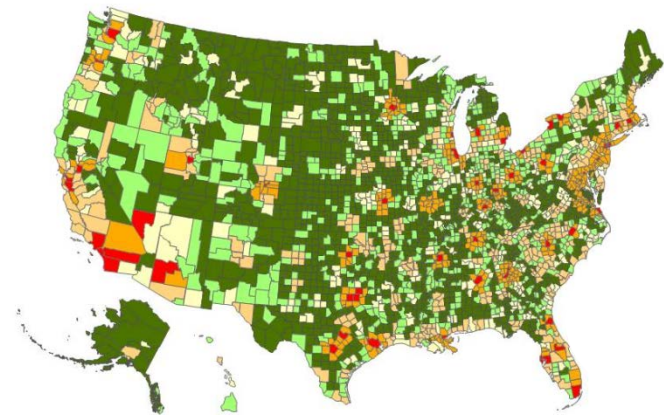
Official Poverty Measure

- Same threshold for all parts of the country



Supplemental Poverty Measure

- Threshold adjusted for cost of living in different areas



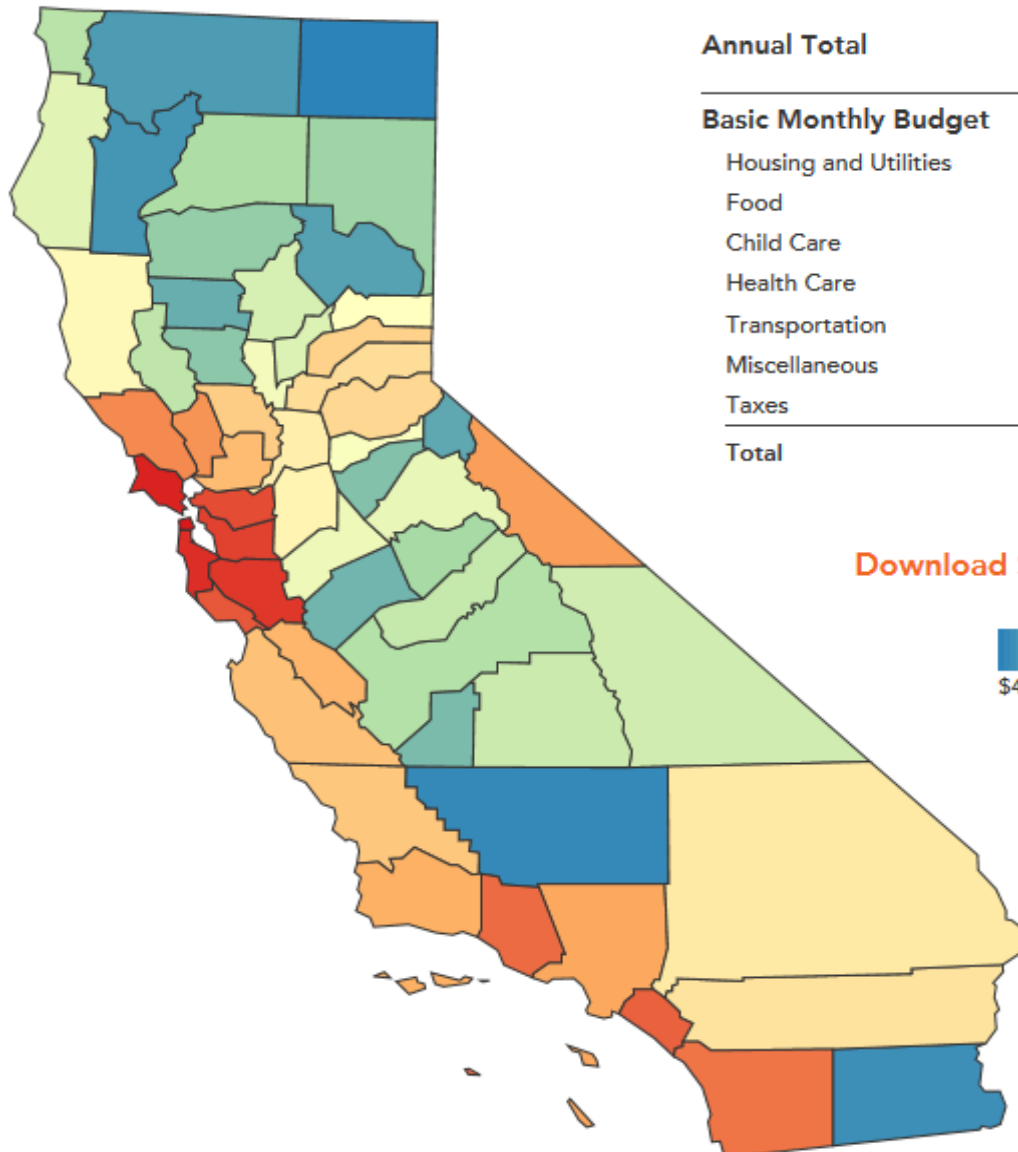
What does it really cost to make ends meet in California?



What does it cost to make ends meet in your county?

California, \$65,865

San Francisco, \$103,423
 Marin, \$103,151
 San Mateo, \$100,440
 Santa Clara, \$83,715
 Alameda, \$82,195
 Contra Costa, \$80,932
 Santa Cruz, \$71,071
 Orange, \$70,304
 Ventura, \$68,889
 San Diego, \$66,968
 Sonoma, \$65,799
 Napa, \$65,453
 Mono, \$64,567
 Los Angeles, \$64,036
 Santa Barbara, \$63,181
 San Benito, \$62,877
 Solano, \$61,865
 Monterey, \$60,961
 San Luis Obispo, \$59,820
 Yolo, \$59,648
 Nevada, \$59,247
 El Dorado, \$57,619
 Placer, \$57,545
 Riverside, \$57,167
 San Bernardino, \$56,788
 Sacramento, \$56,624
 San Joaquin, \$55,204
 Mendocino, \$54,415
 Sierra, \$54,230
 Amador, \$53,433
 Sutter, \$53,354
 Stanislaus, \$53,273
 Tuolumne, \$53,109
 Humboldt, \$53,046
 Yuba, \$53,041
 Butte, \$52,419
 Inyo, \$52,189
 Tulare, \$51,698
 Madera, \$51,622
 Lake, \$51,268
 Del Norte, \$50,930
 Fresno, \$50,835
 Shasta, \$50,774
 Butte, \$50,576



Single-Parent Family

Statewide Average

Annual Total \$65,865

Basic Monthly Budget

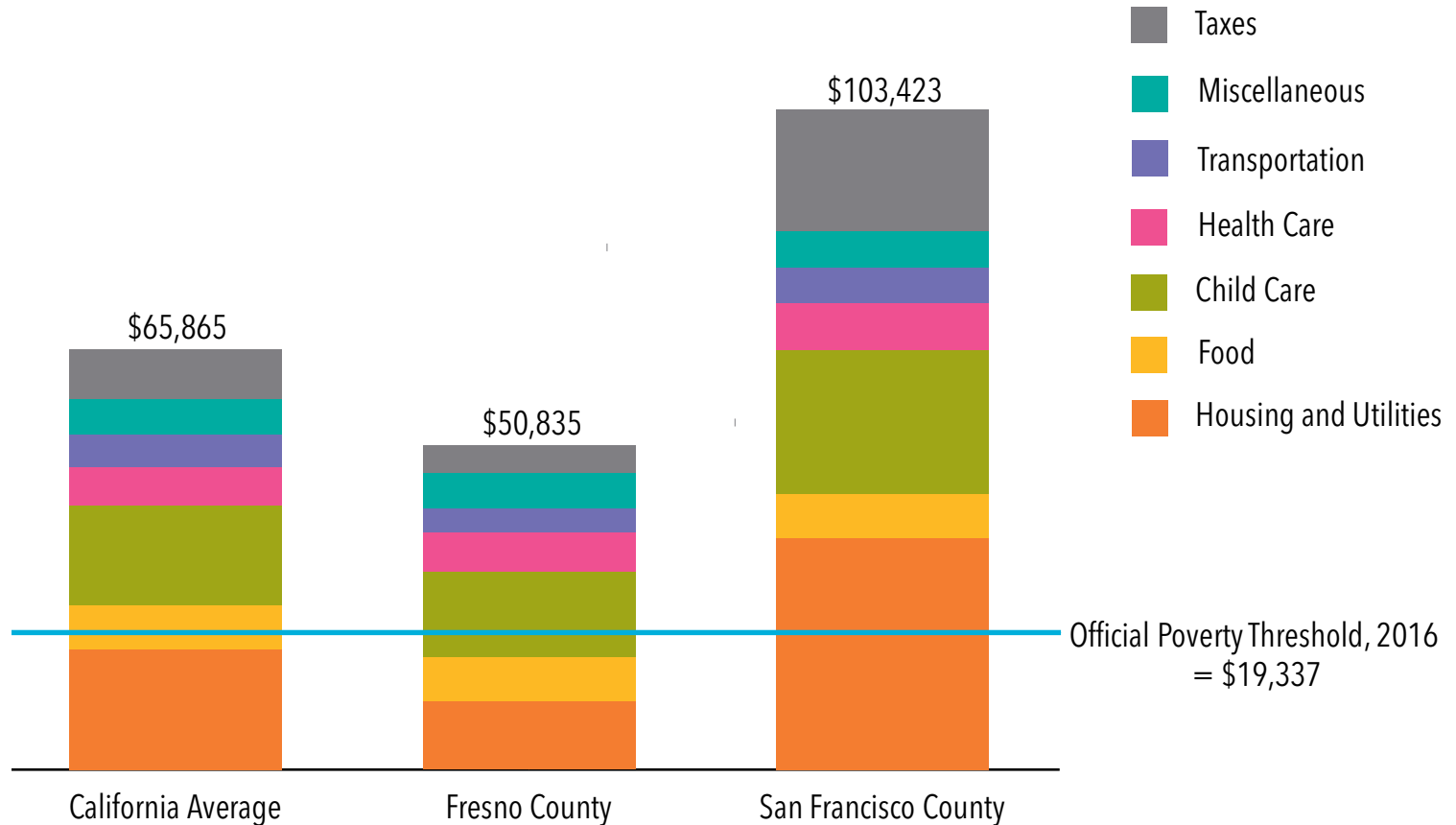
Housing and Utilities	\$1,568	28.6%
Food	\$577	10.5%
Child Care	\$1,300	23.7%
Health Care	\$500	9.1%
Transportation	\$428	7.8%
Miscellaneous	\$463	8.4%
Taxes	\$652	11.9%
Total	\$5,489	100.0%

Download State Fact Sheet



Official Poverty Thresholds Are Much Lower Than the Basic Cost of Living for Families in California

Annual Basic Family Budget for a Single-Parent Family With Two Children, 2017

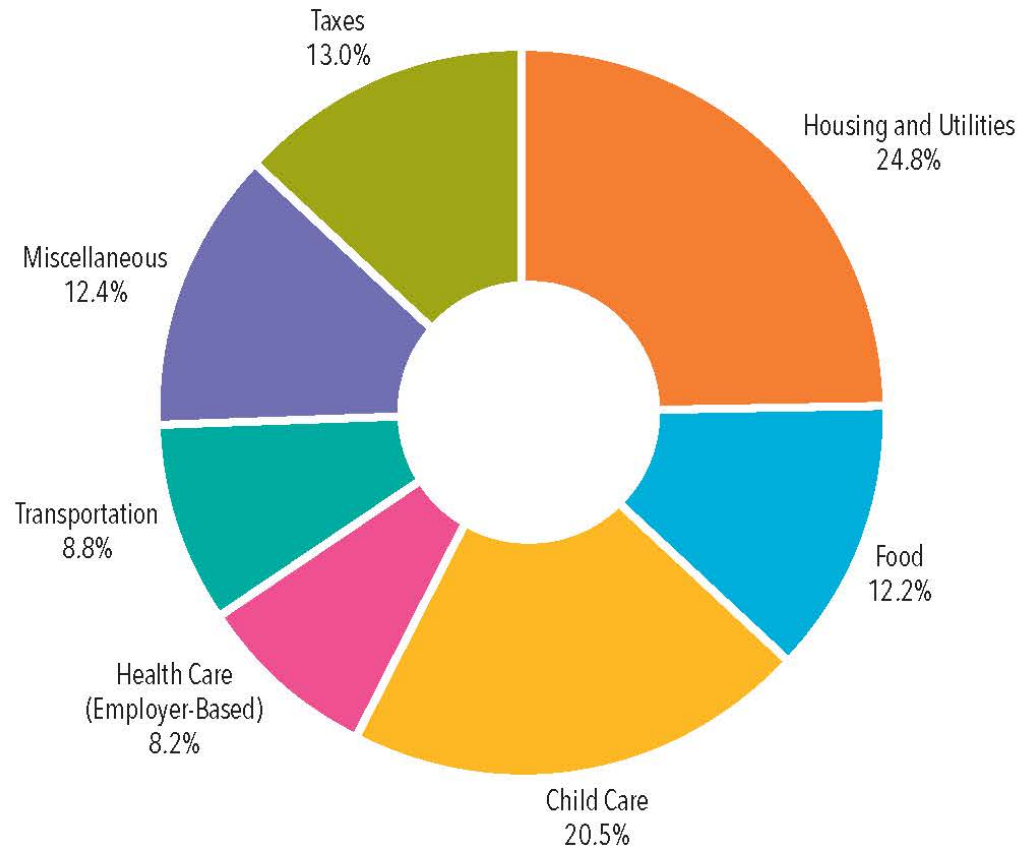


Note: Assumes one preschool-age and one school-age child and a single parent working full-time.
Source: Budget Center Making Ends Meet 2017 analysis and US Census Bureau



Two-Working-Parent Family Budget

Statewide Average Annual Total = \$75,952



Note: Statewide average family budget calculated by averaging all county family budgets, weighted by county population.

Source: Budget Center *Making Ends Meet* 2017 analysis

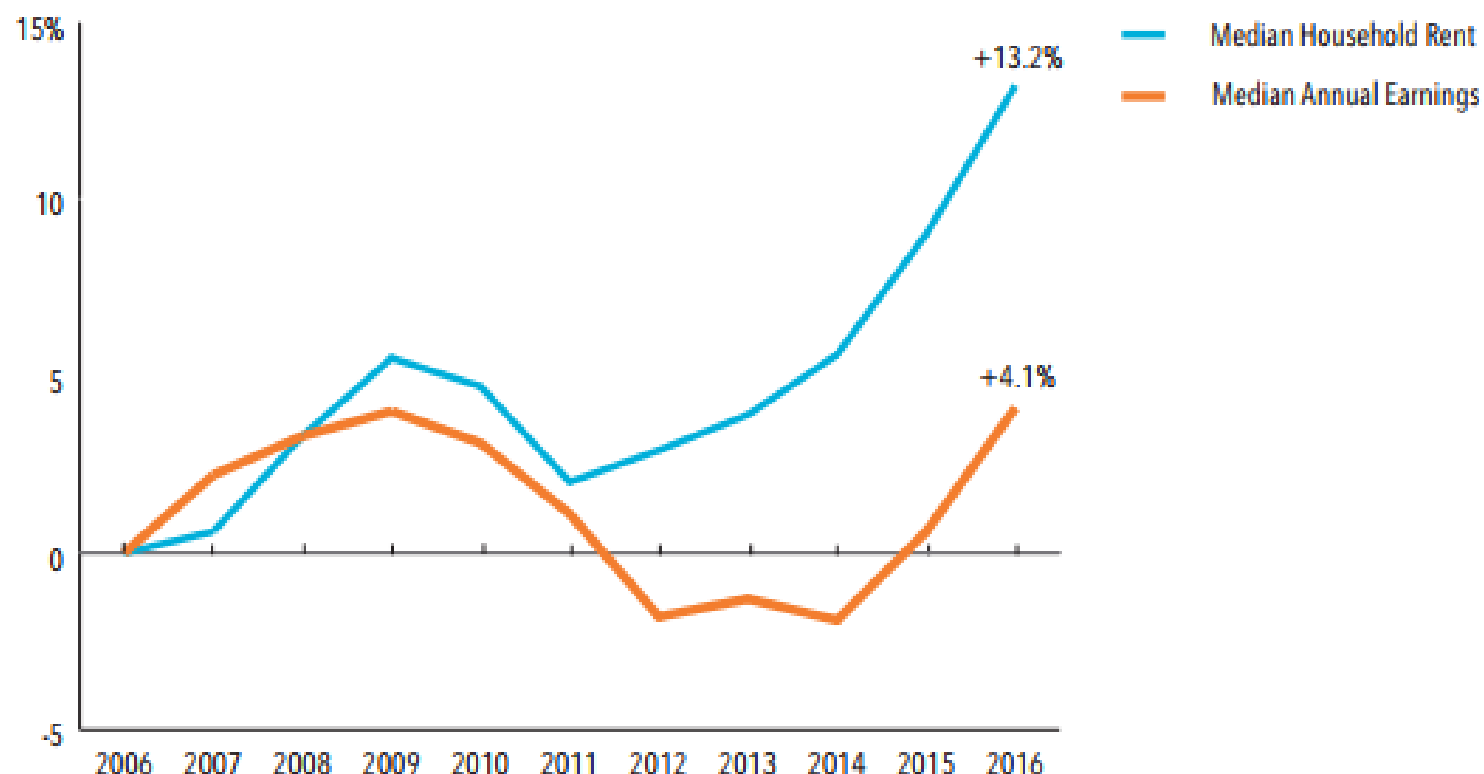


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Workers' Earnings Have Not Kept Pace With Rents in California

Percent Change in Inflation-Adjusted Median Rent and Median Annual Earnings Since 2006



Note: Median annual earnings for individuals working at least 35 hours per week and 50 weeks per year. Excludes workers with \$0 or negative total earnings.

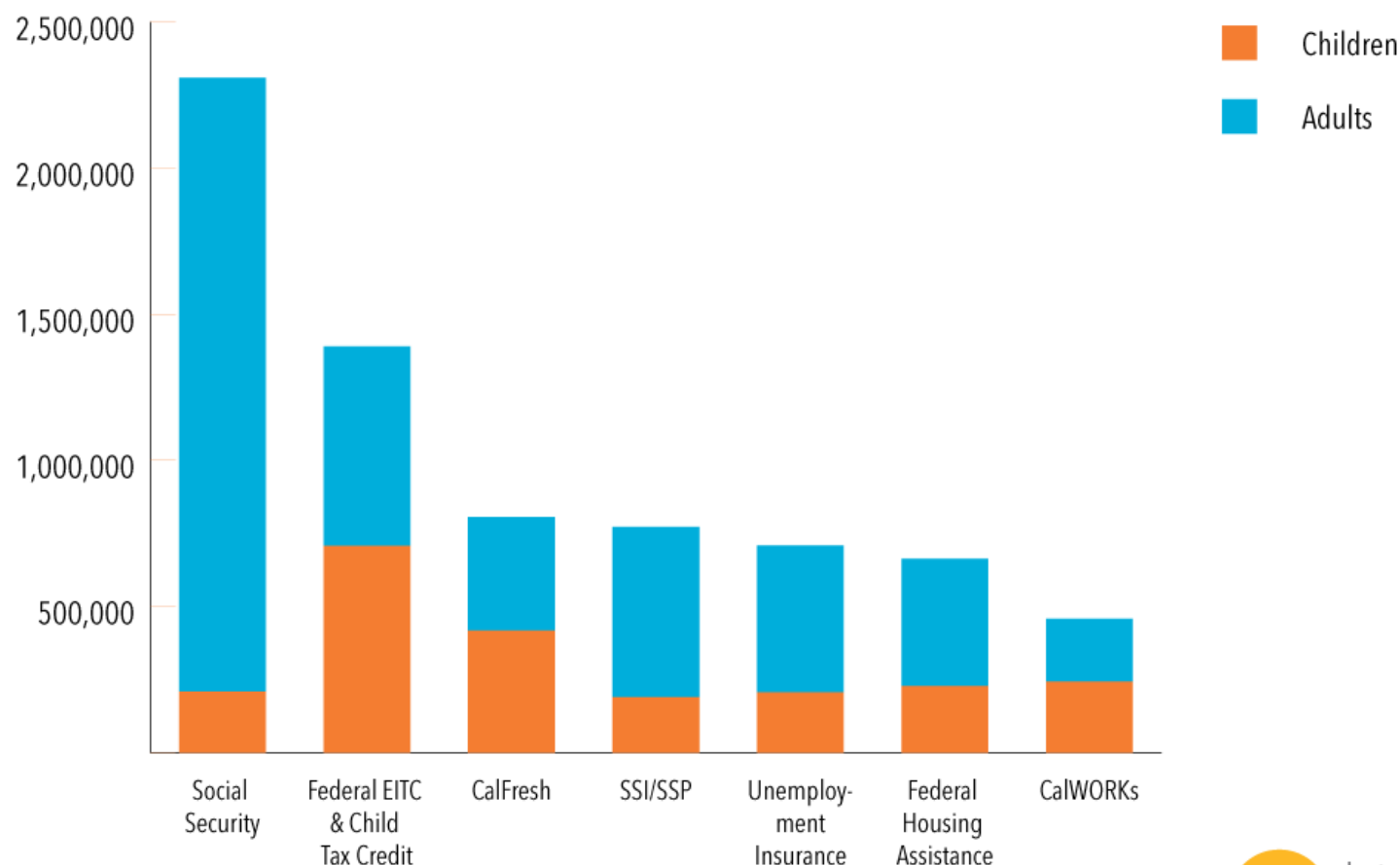
Source: Budget Center analysis of US Census Bureau, American Community Survey data



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Public Supports Lift Many Californians Out of Poverty Each Year

Average Annual Number of People Lifted Above the Poverty Line Between 2009 and 2012



Note: This analysis is based on the US Census Bureau's Supplemental Poverty Measure after correcting for underreported public supports using administrative data.

Source: Center on Budget and Policy Priorities



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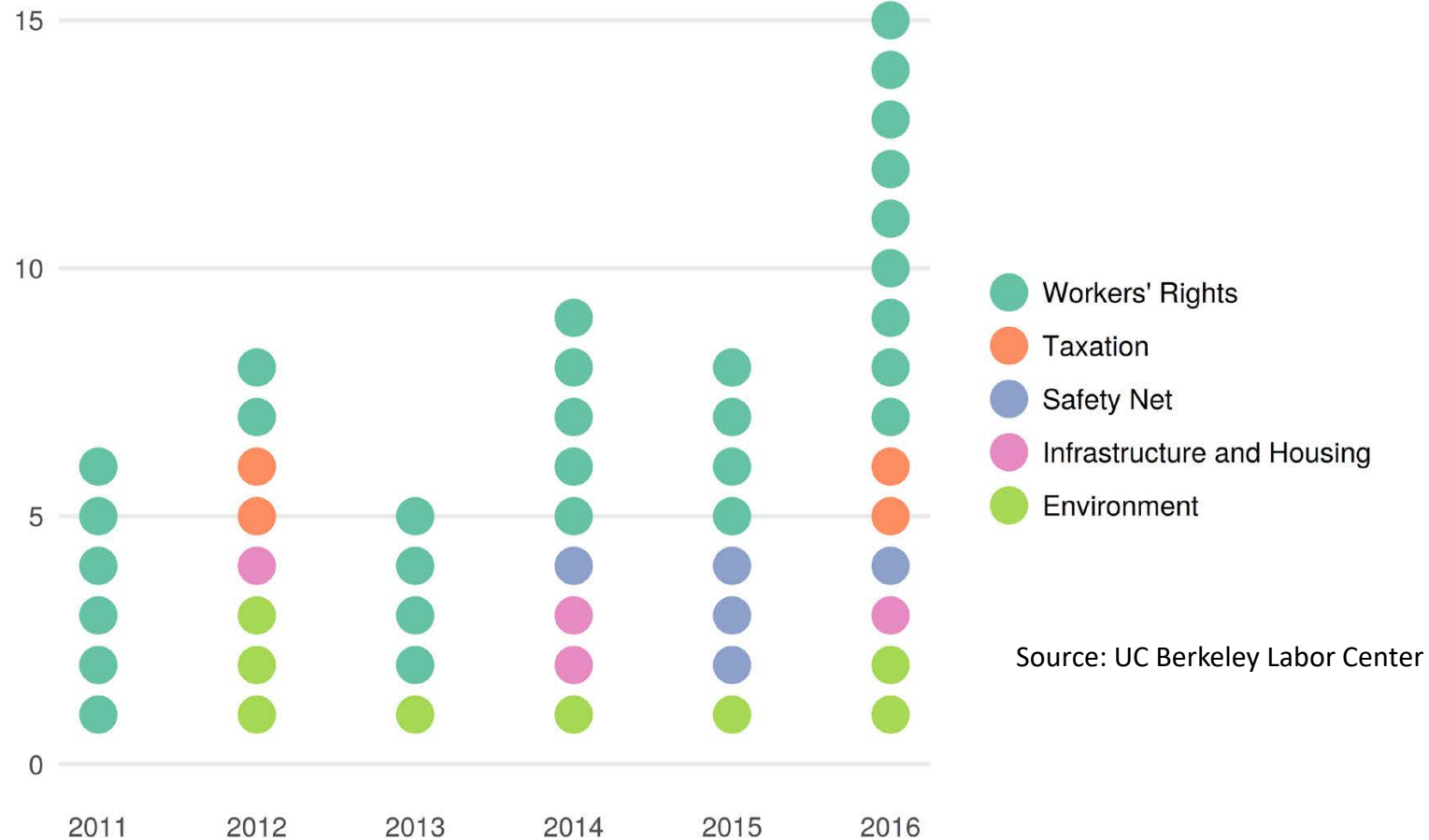
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In recent years, California policies have sought to invest in broadening economic growth.



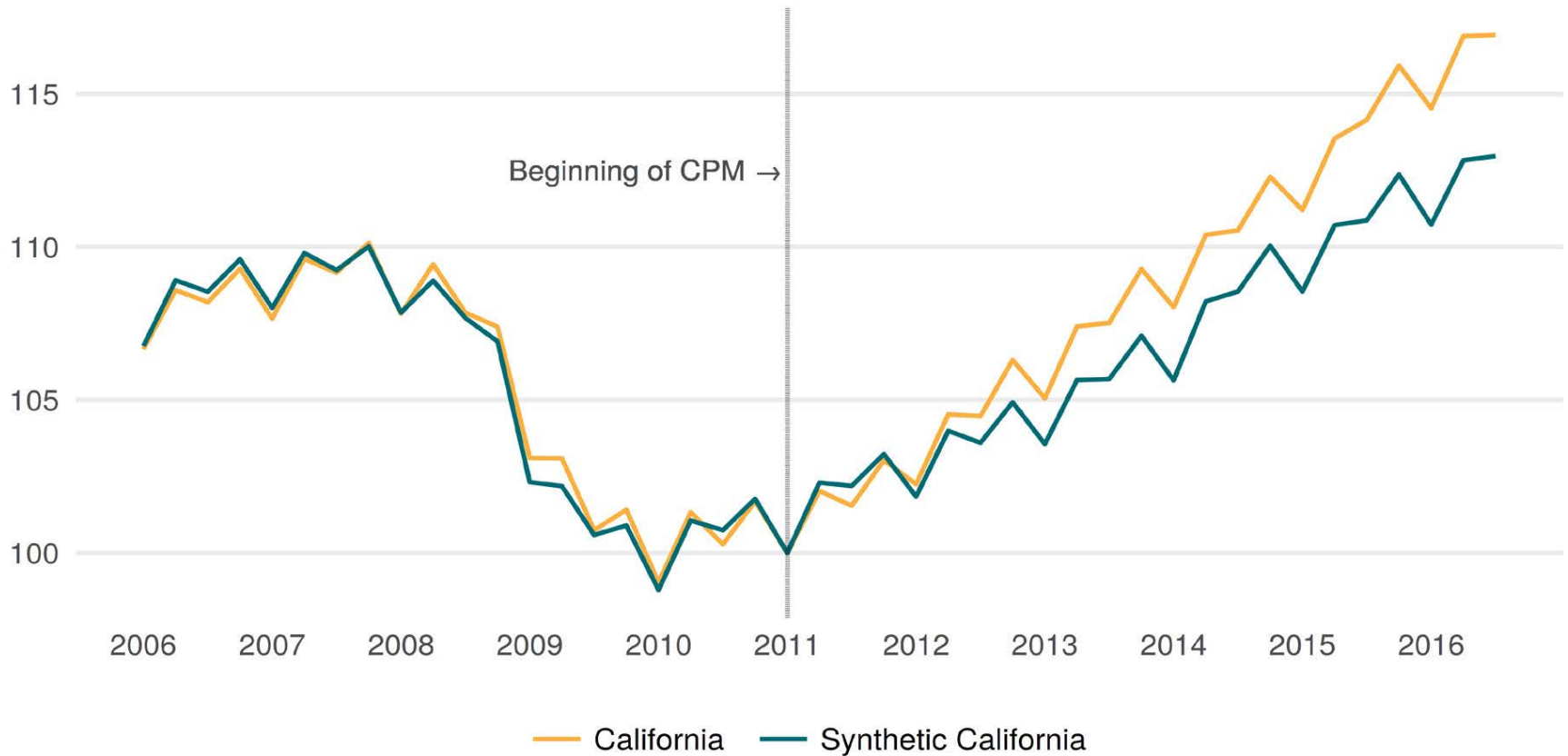
California Policies Enacted 2011-16

Policies by Category and Year Enacted



Total Employment Growth

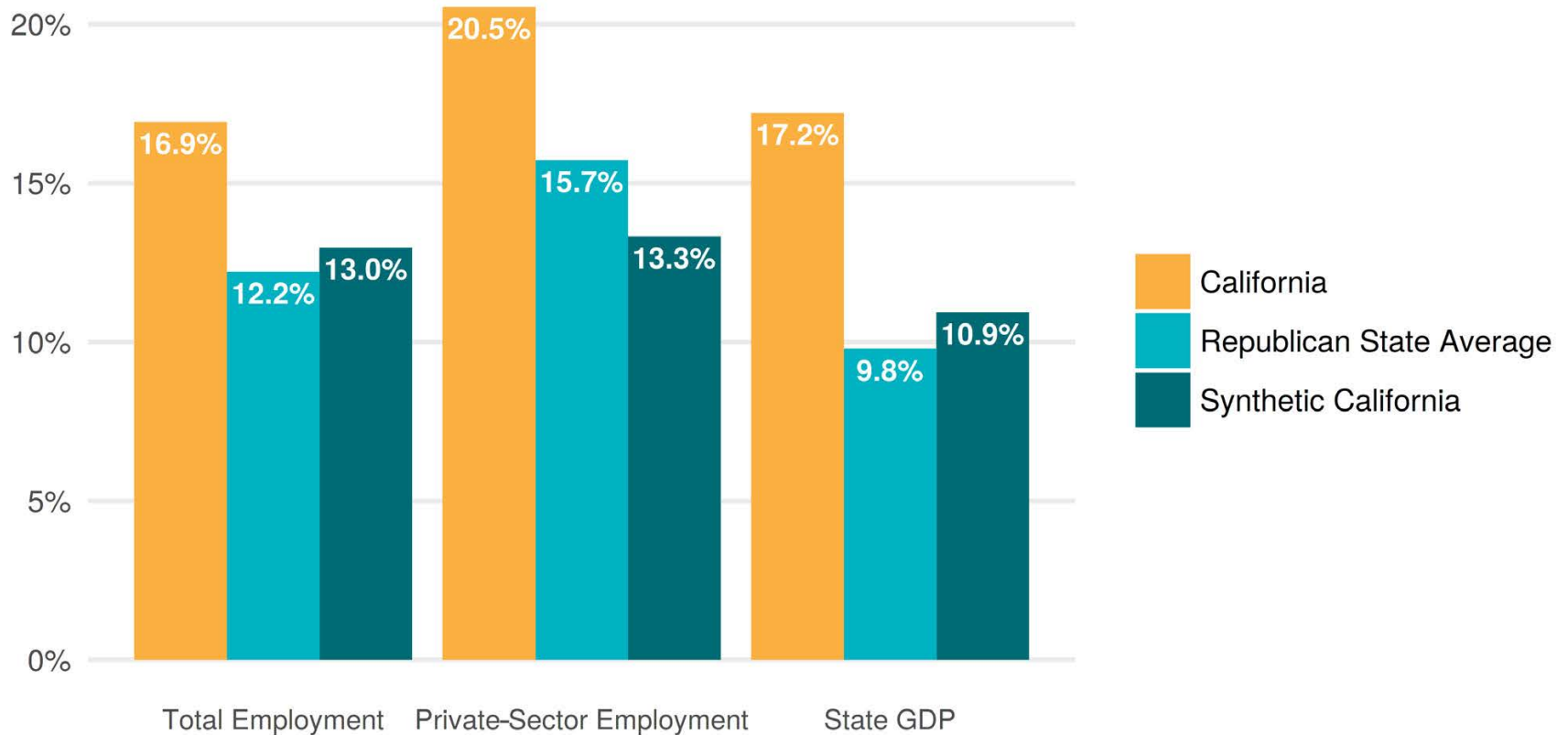
Indexed to 100 as of 2011



Source: UC Berkeley Labor Center



Employment and GDP Growth 2011-2016



Source: UC Berkeley Labor Center



Federal budget and tax policies create uncertainty, threaten California's progress, and target the most vulnerable.



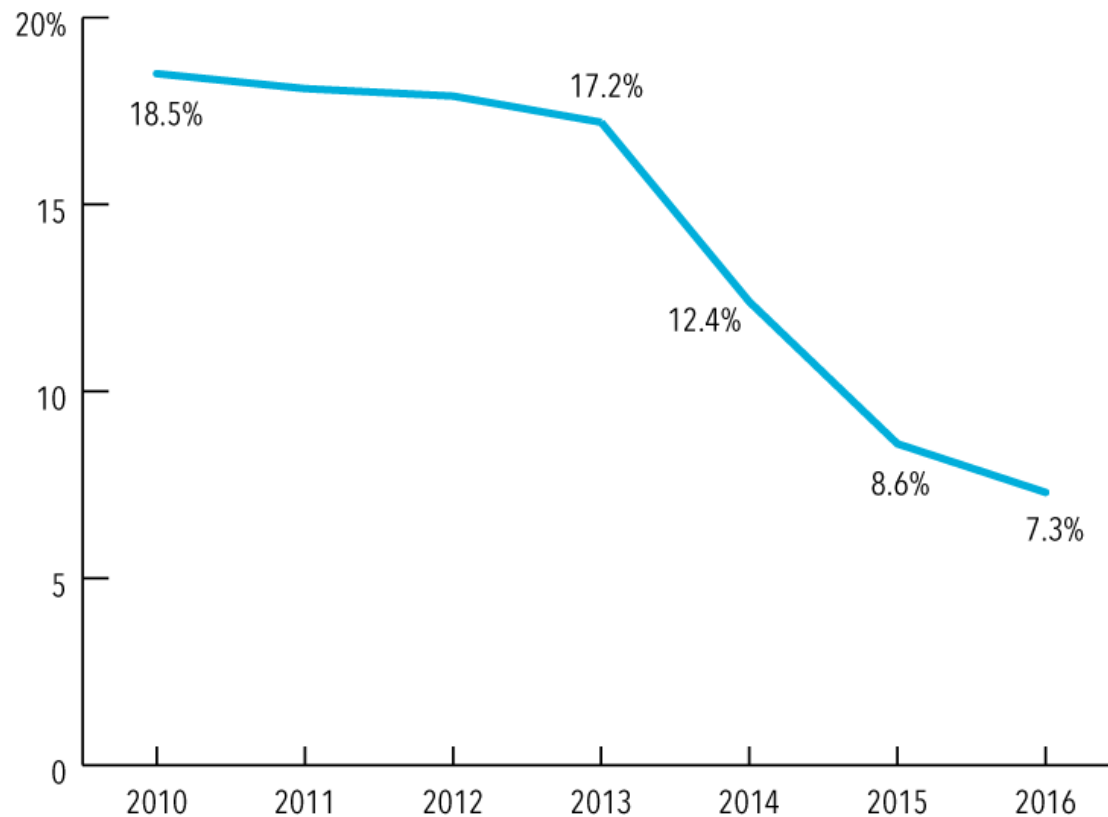
Federal Budget Cuts Outlined in the U.S. House and U.S. Senate Budget Resolutions for Fiscal year 2018

Programs	Congressional Budget Resolution
Medicaid	\$1.3 trillion
Medicare	\$473 billion
Other “income security” programs (entitlement)	\$653 billion
Non-Defense Discretionary Programs	\$800 billion



The Share of Californians Without Health Care Coverage Has Dropped by More Than Half Since 2013

California Fully Implemented Federal Health Care Reform in January 2014



Note: Estimates are based on survey respondents' health care coverage status at the time of the interview.

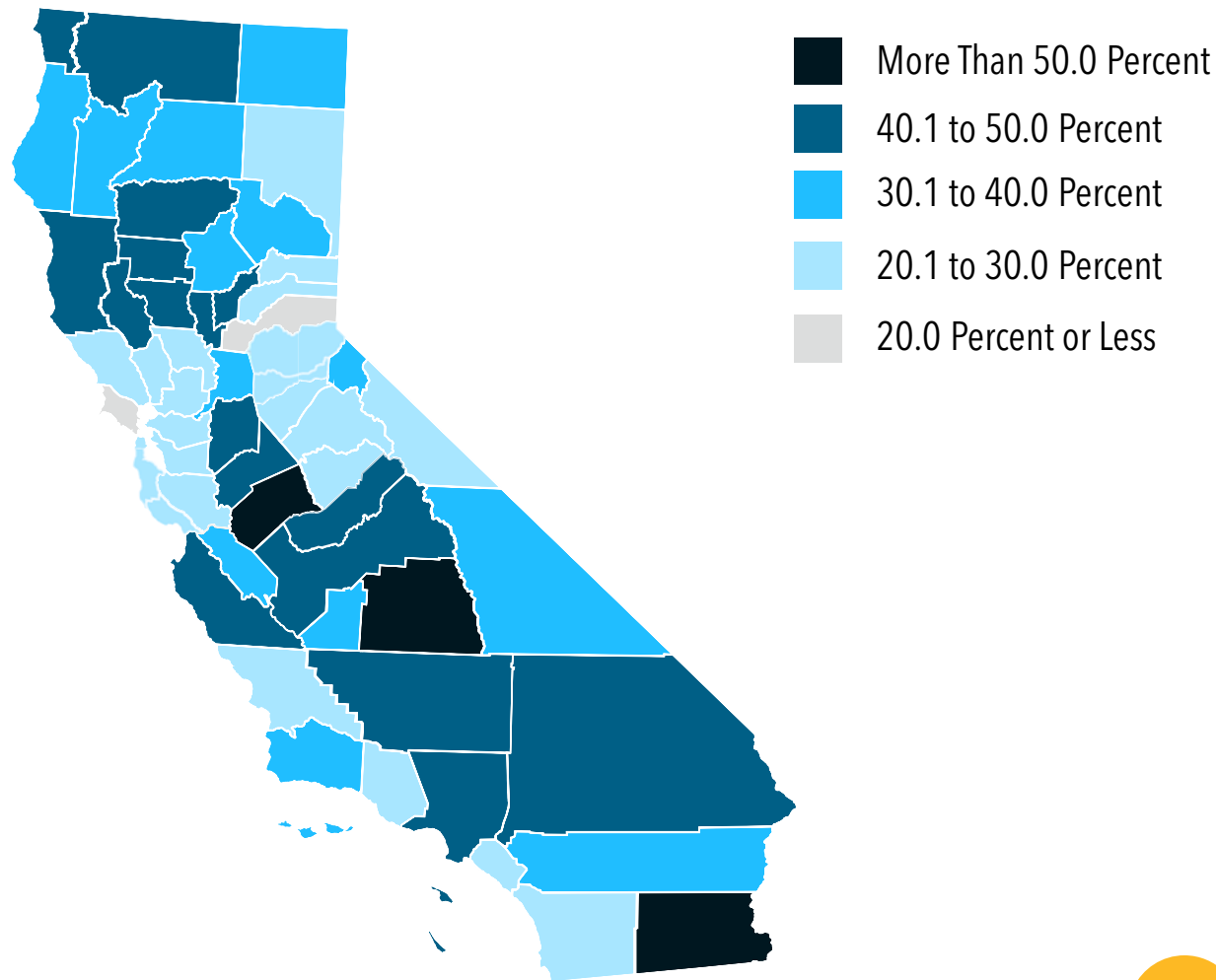
Source: US Census Bureau, American Community Survey



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The Share of Residents Enrolled in Medi-Cal Exceeds 40 Percent in 20 Out of 58 Counties

Medi-Cal Enrollees as a Percentage of the Population, January 2016



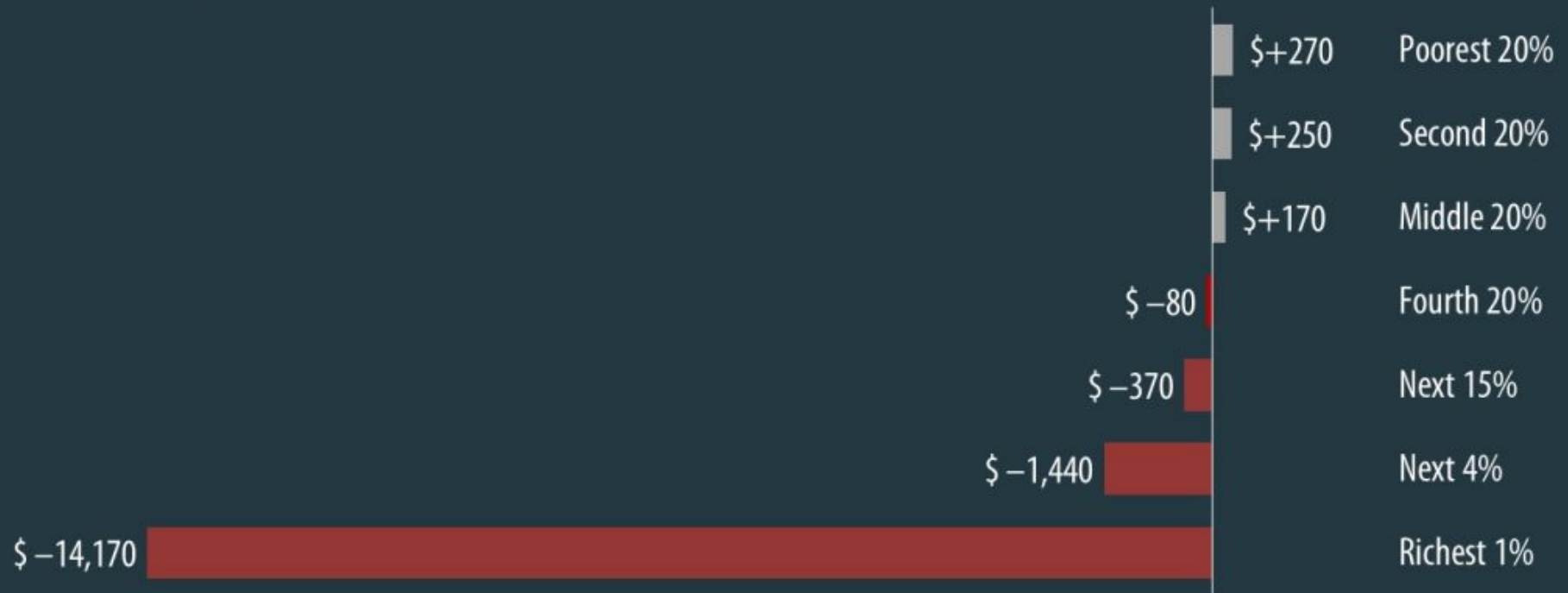
Note: Percentages are estimates.

Source: Department of Finance and Department of Health Care Services



Richest California Taxpayers Receive the Largest Average Tax Cuts under the Final GOP-Trump Tax Bill in 2027, Lower-Income Groups Face Tax Hikes

Includes Impact of ACA Individual Mandate Repeal



INSTITUTE ON TAXATION AND ECONOMIC POLICY • ITEP.ORG



How will California respond and what does all of this mean for the Proposed 2018- 19 California Budget?





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