

ADDRESSING RACIAL EQUITY THROUGH THE STATE TAX CODE: CALIFORNIA CONTEXT & CONSIDERATIONS

USC Dornsife
*Program for Environmental
and Regional Equity*

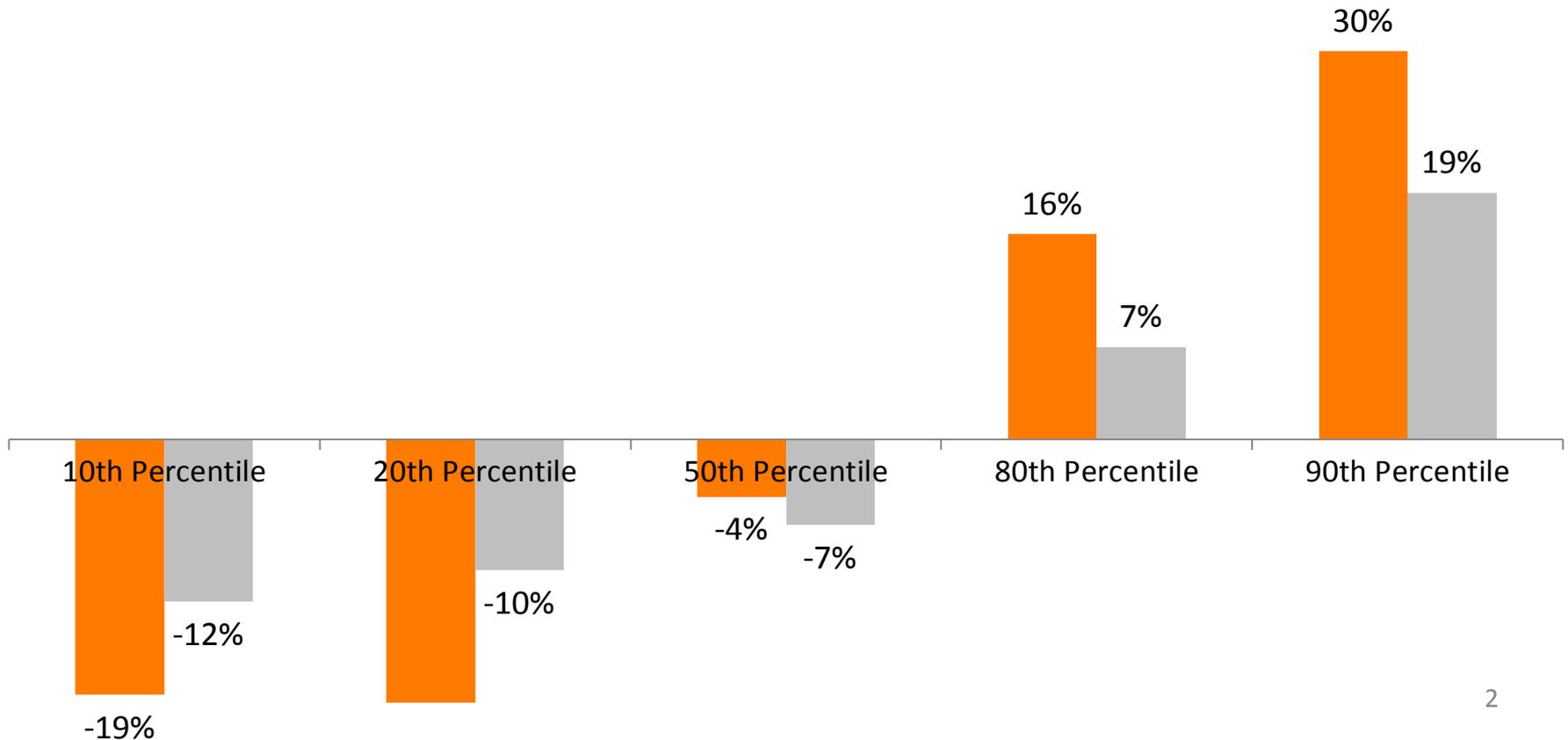
3.27.19

JENNIFER ITO

CHALLENGE OF INEQUALITY

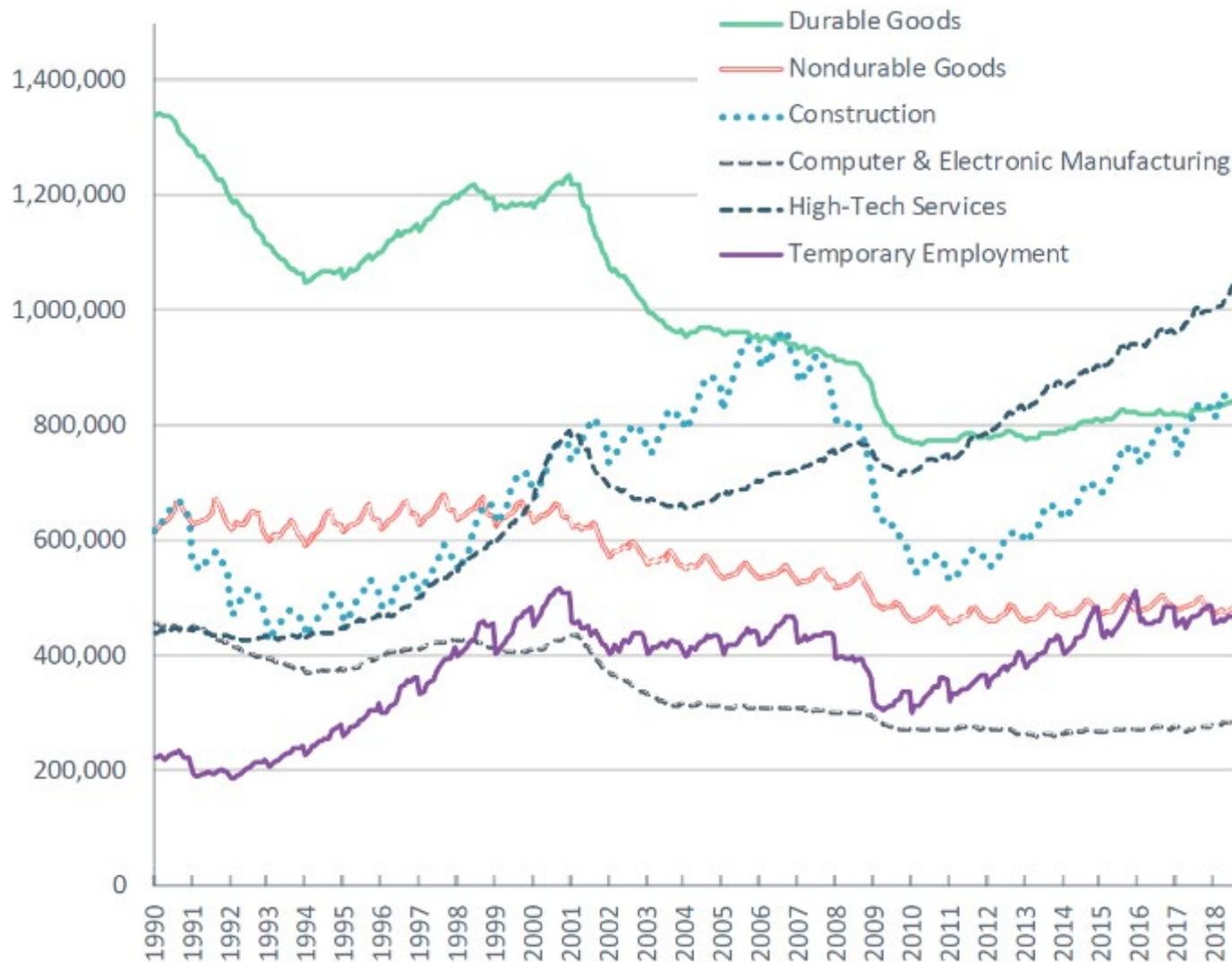
Income Percentiles, Earned Income for Full-Time Workers 25-64 (\$2010)
U.S. and California, 1980 to 2012-2016

California United States



ECONOMIC RESTRUCTURING

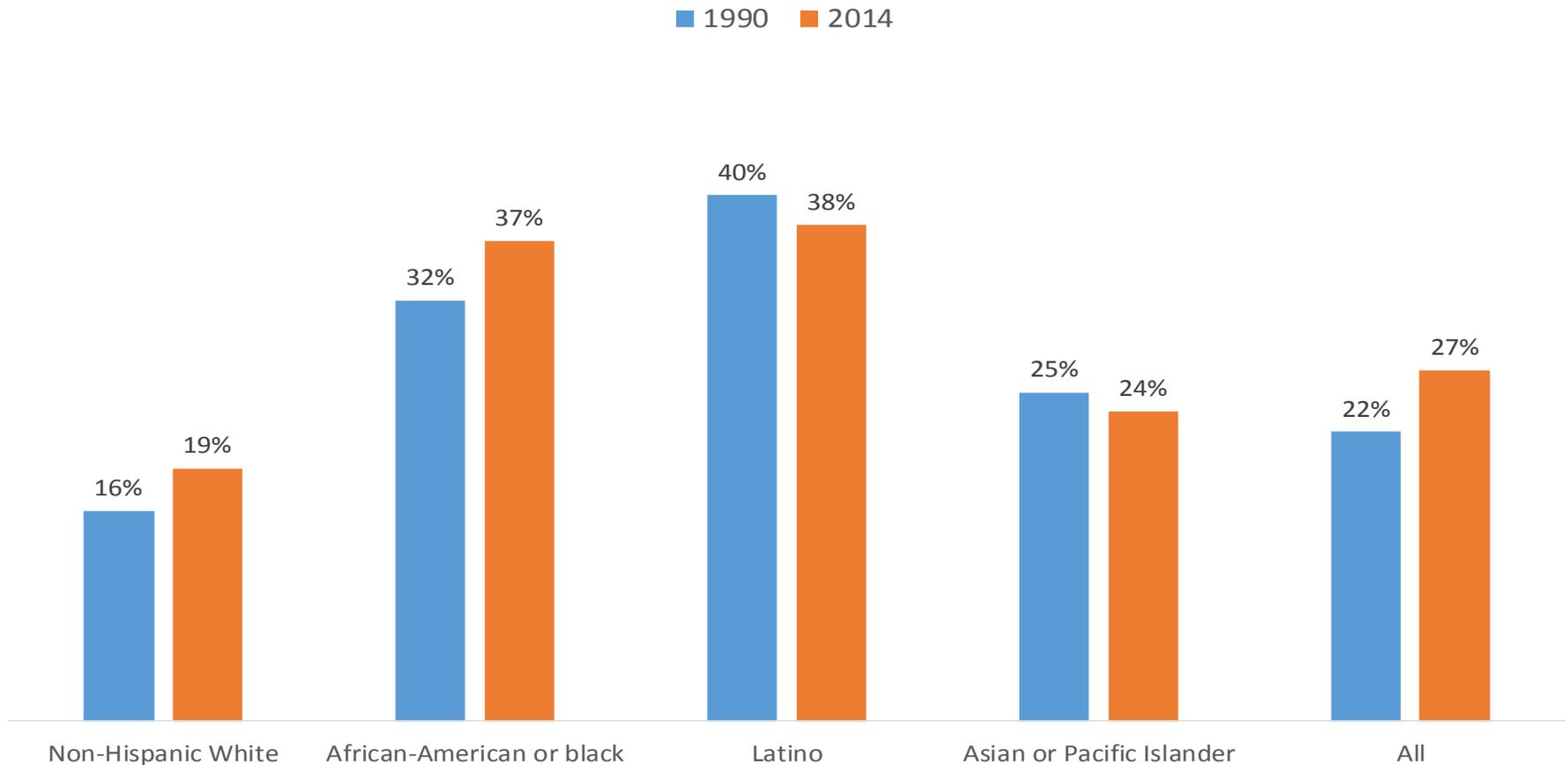
California Employment in Key Sectors of the Economy 1990-2018



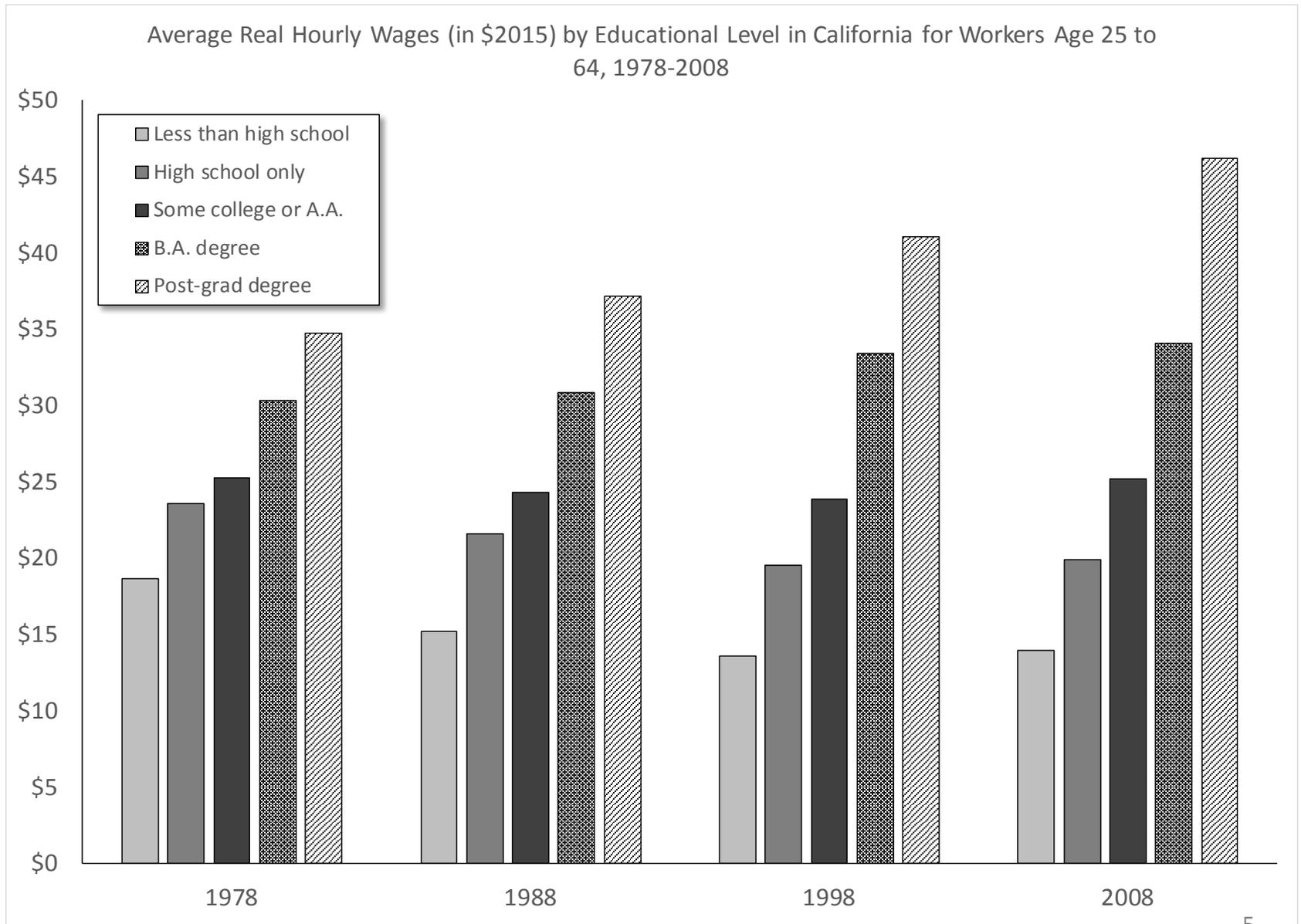
Source: USC PERE analysis of data from the Labor Market Information Division (LMID) of the Employment Development Department of the State of California; see data.edd.ca.gov/

PERSISTENT RACIAL GAPS

Percent of Families Living Below 150 Percent of the Federal Poverty Line by Race/Ethnicity, California

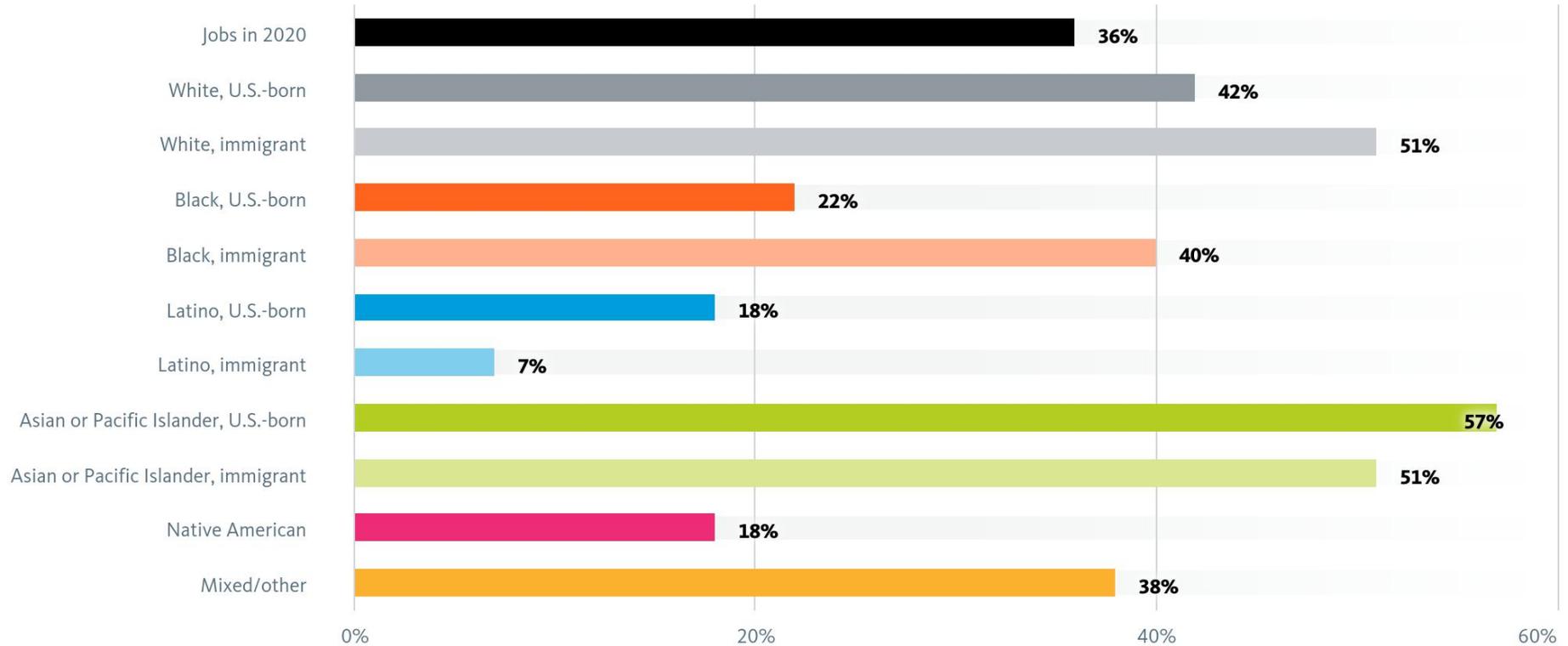


SHIFTING GAINS FROM EDUCATION



RACIAL GAPS IN EDUCATION LEVELS

Current educational attainment and projected state/national-level job education requirements by race/ethnicity and nativity: California, BA degree or higher, 2015



IPUMS; Georgetown University Center on Education and the Workforce
PolicyLink/PERE National Equity Atlas, www.nationalequityatlas.org

ADDRESSING RACIAL EQUITY

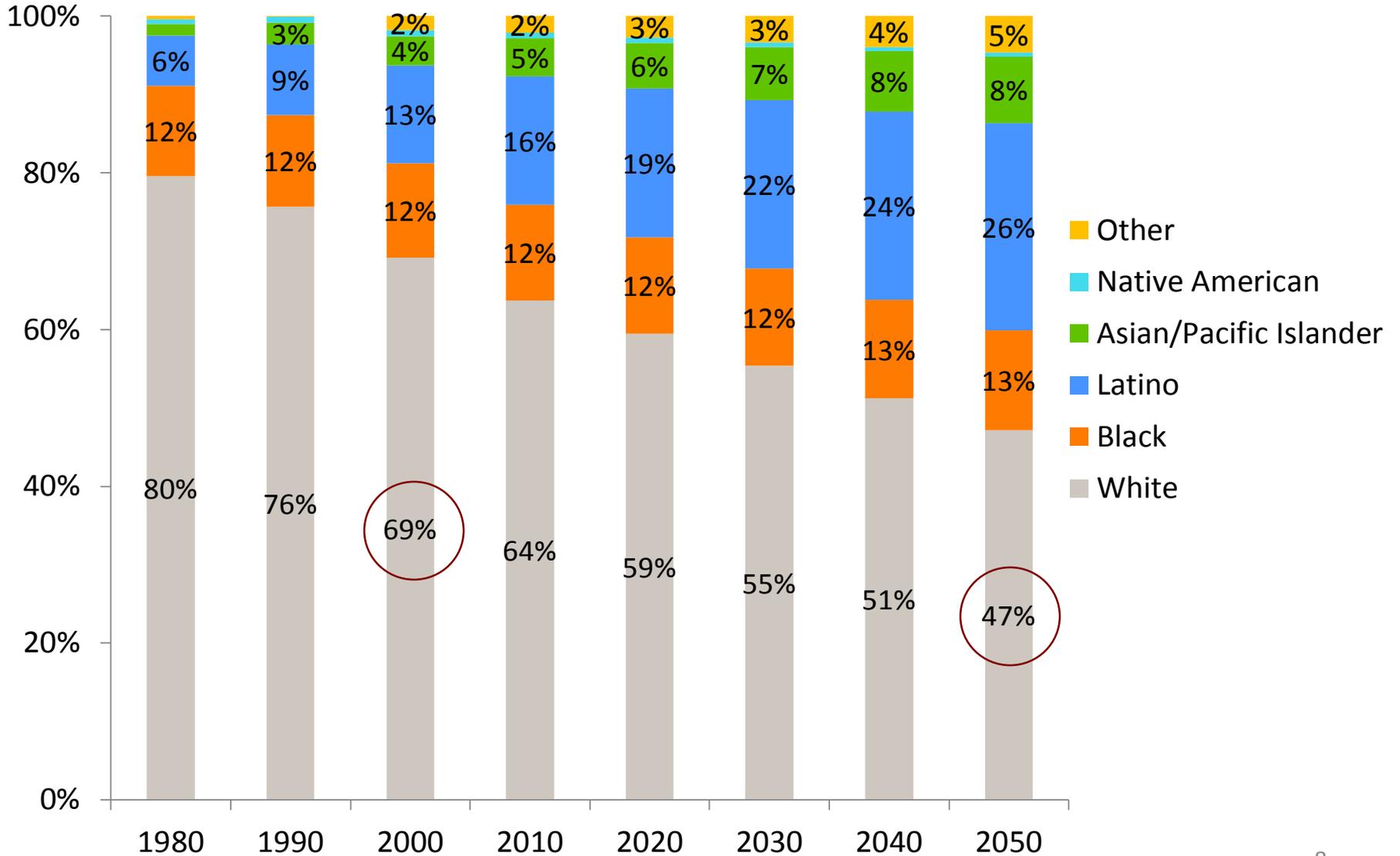
- California can lead the nation --

We are well-positioned to address racial, economic, and other inequities

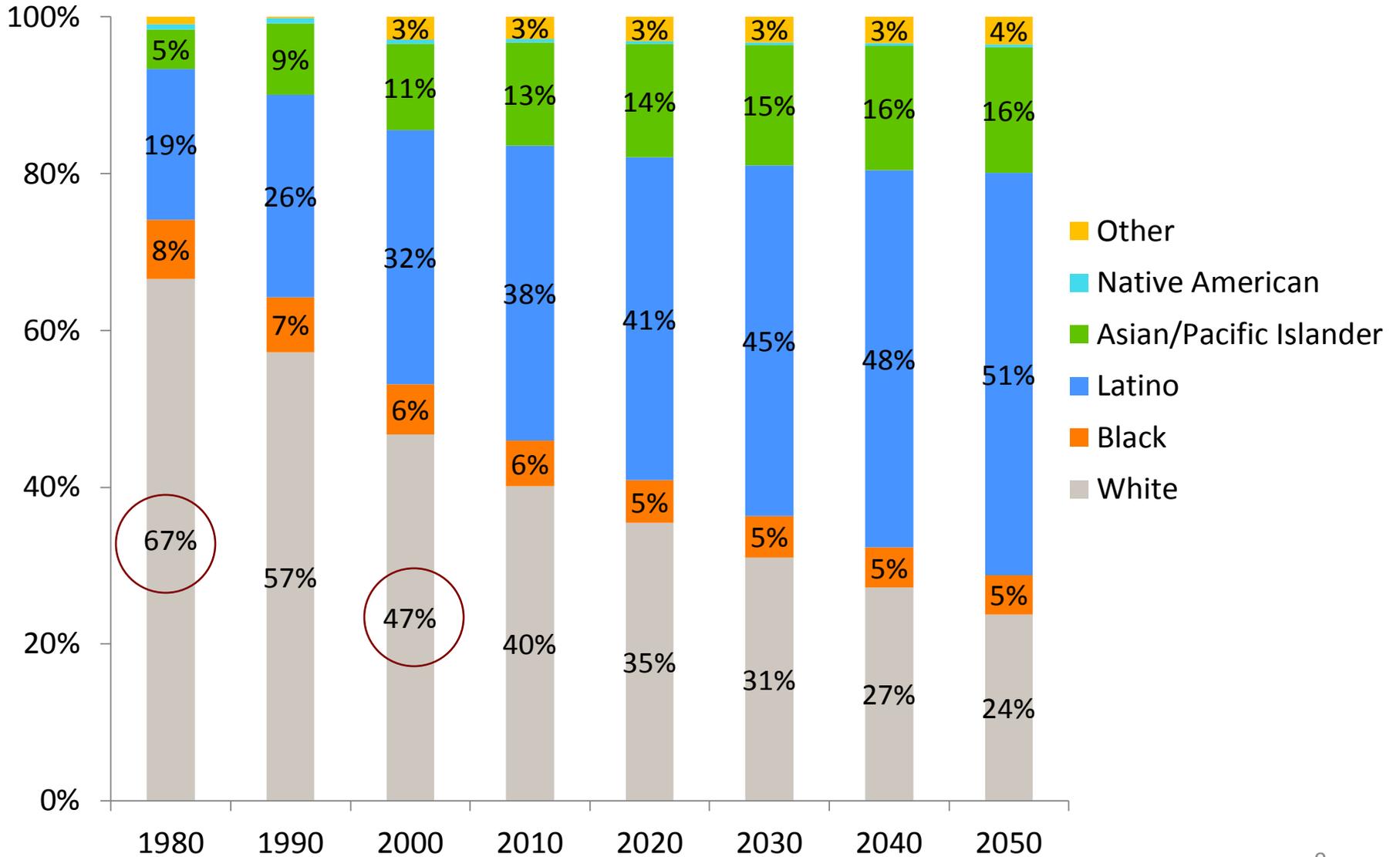


- Social & racial equity are not just moral arguments --
More equitable regions, in general, generate more economic growth
- Tax and fiscal reforms must be considered with regard to addressing inequities past, present, and future --
Address historical disparities, build power among historically-excluded populations, and mitigate future disparities

Changing Demographics United States, 1980-2050

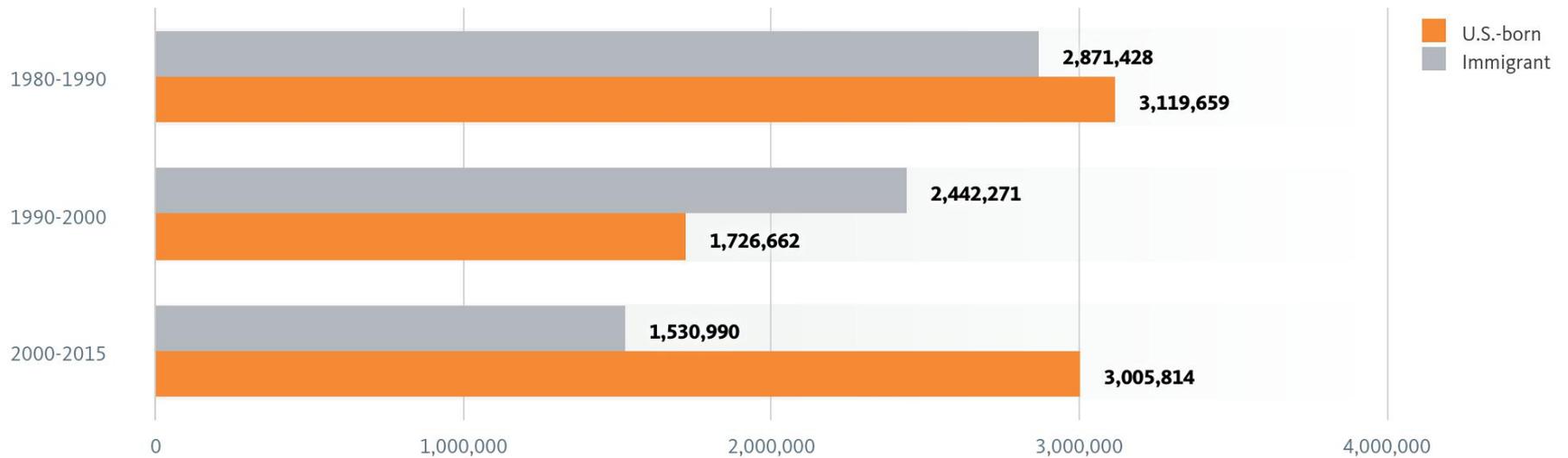


Changing Demographics California, 1980-2050



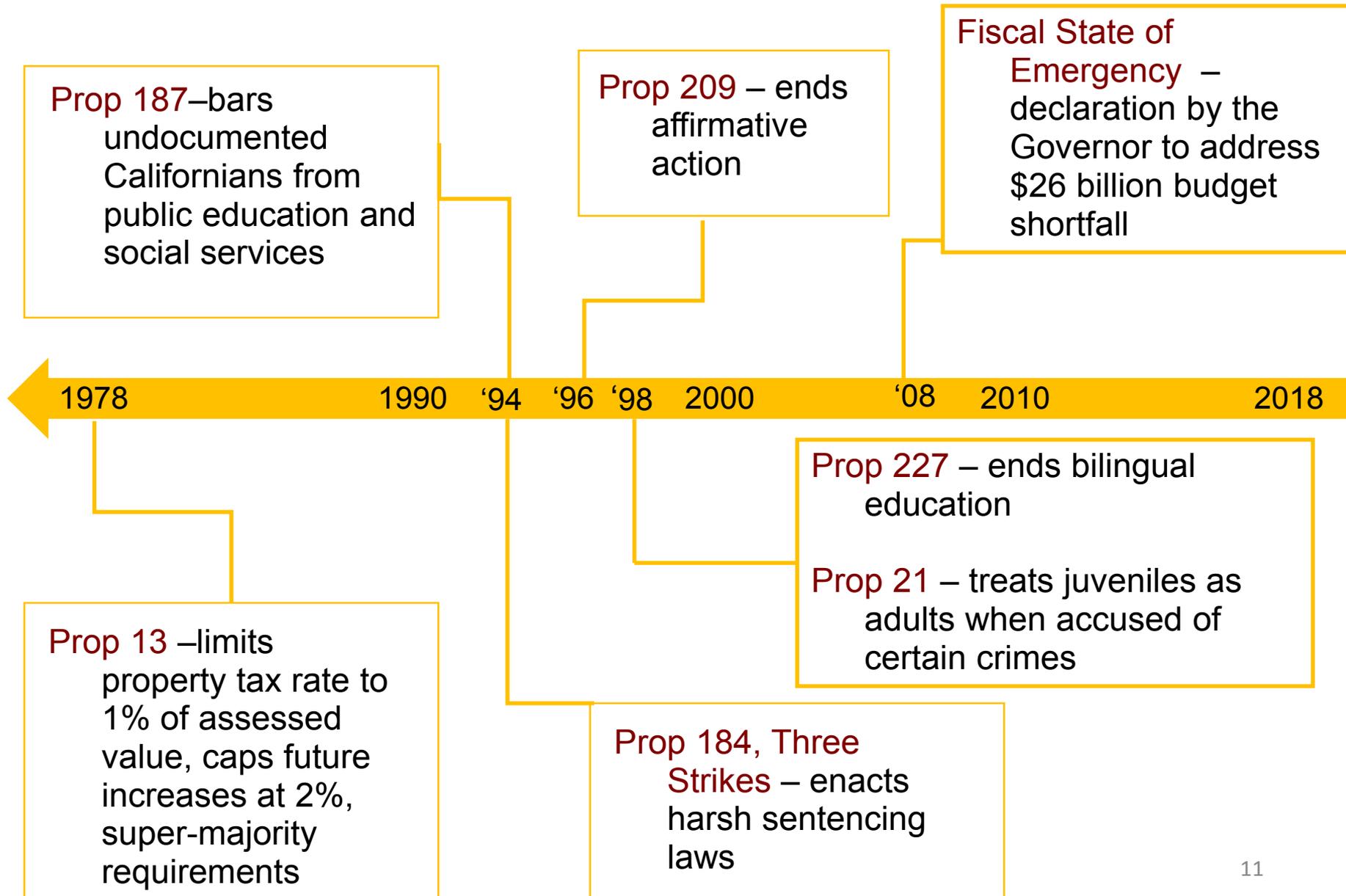
SHIFTS IN IMMIGRATION

Change in population by nativity: California, All, 1980-2015

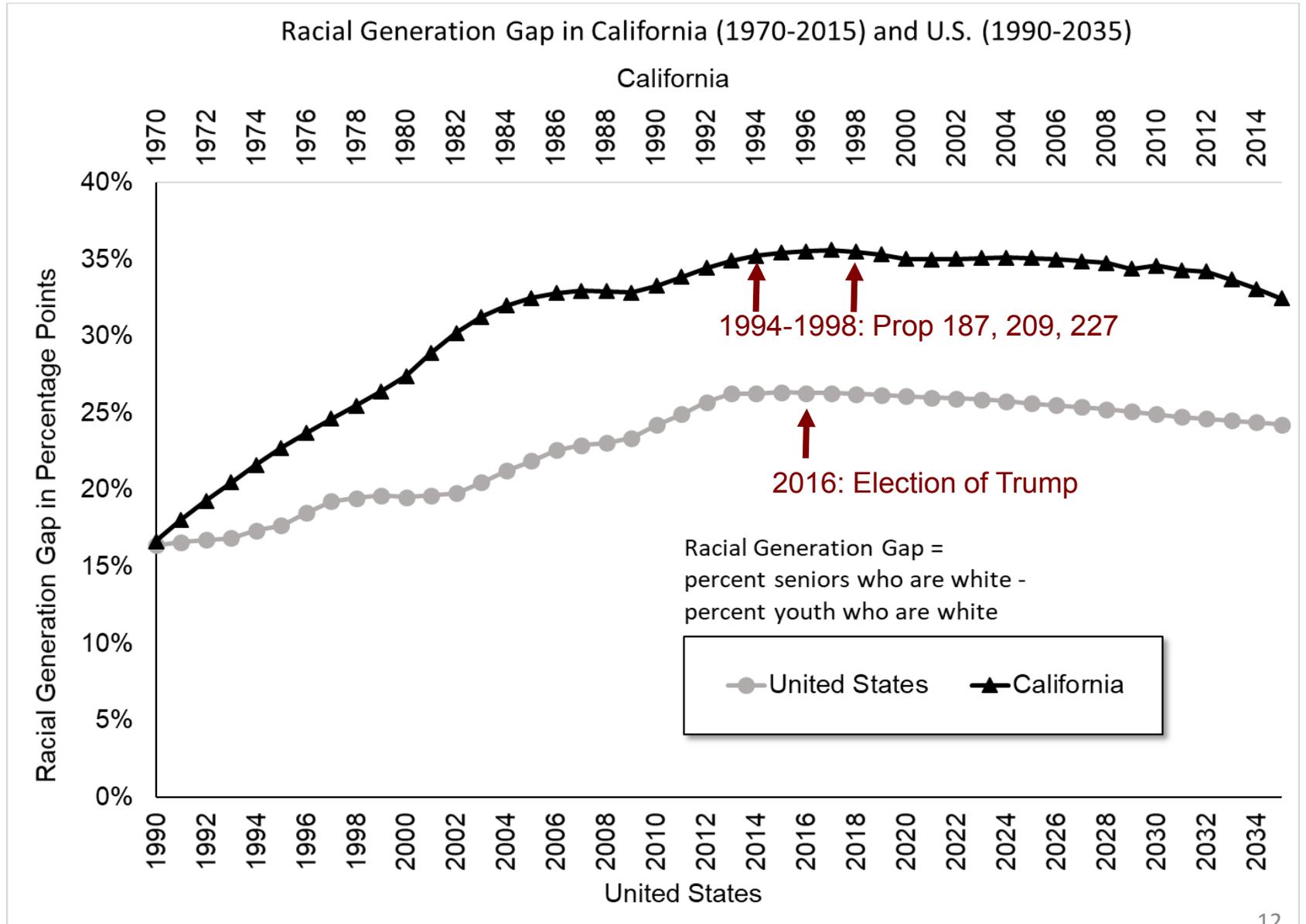


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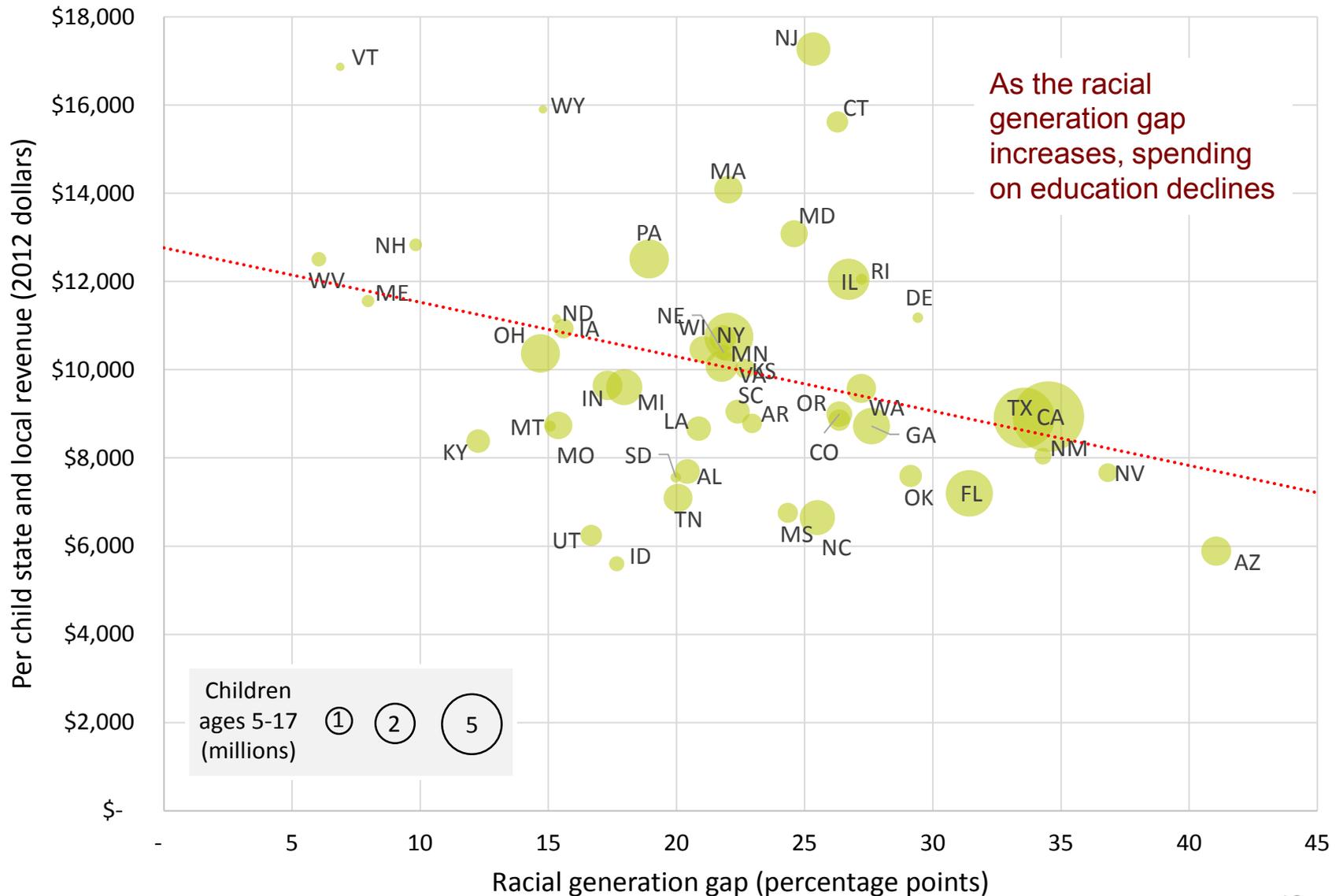
LOOKING BACK. . .



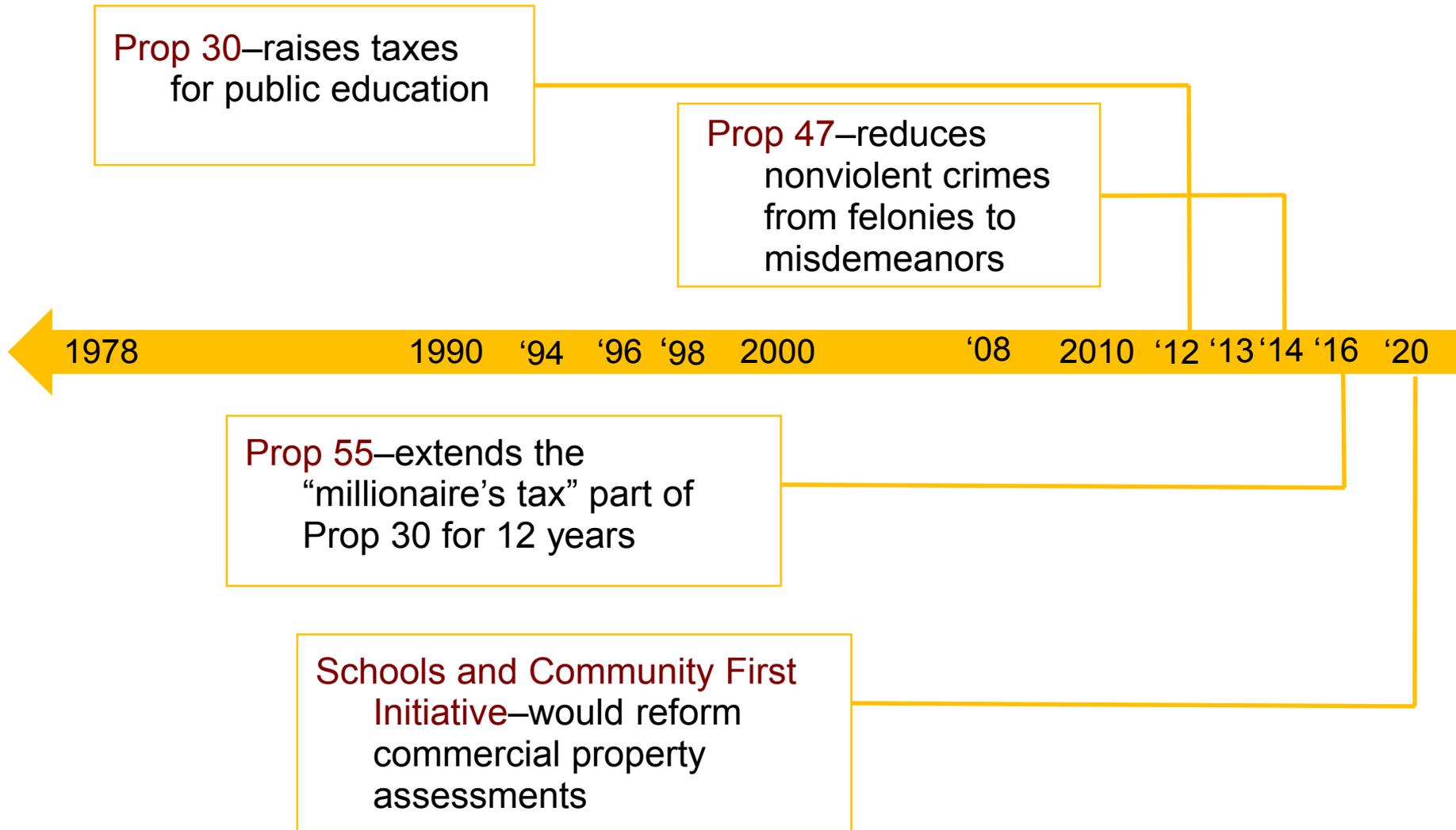
RACIAL GENERATION GAP



IMPACT ON POLICY PRIORITIES



... TURNING A CORNER



CALIFORNIA COMEBACK

From The Economist, 1/23/2014, on California's flip from budget deficit to budget surplus:

*“That is largely thanks to America’s bull market, which boosts the income of the rich people California relies on to pay a huge share of taxes. But **Mr Brown can take some credit**: in November 2012 voters approved **Proposition 30**, a measure he placed on the ballot that hikes income taxes on the rich and nudges sales taxes up. It expires in 2018, around the time when Mr Brown is expected to leave office. **And state government now works properly**; budgets pass on a simple majority rather than a two-thirds vote, and big Democratic legislative majorities make it easy to get things done.”*

“Self-correcting” factors:
economic recovery

Powerful individuals: Governor Brown, legislative leaders, business leaders

Political fixes: redistricting, top two elections, on-time budgeting

POLICY CONSIDERATIONS

Past

Prioritize investments that close racialized and other gaps, especially by wealth, environmental burden, and existing amenities in a way that will improve work and economic opportunities for underinvested communities.

Present

Involve authentic partnerships throughout the policy process that centers the perspectives of vulnerable communities, supports community-based participation and power, and results in shared decision making, while also strengthening the health and well-being of the entire region.

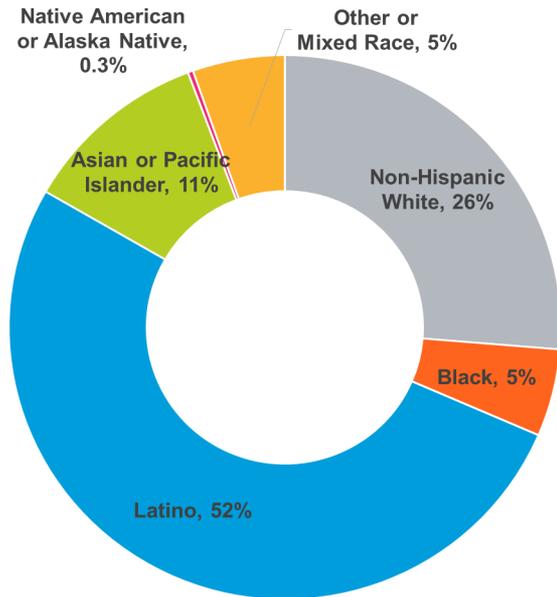
Future

Mitigates disparities likely to emerge in the future by leveraging funding for long-term community health and organizational capacity, anticipating and addressing future harm that may result for new investments in a place, and incorporating metrics and evaluation to promote adaptable and effective implementation.

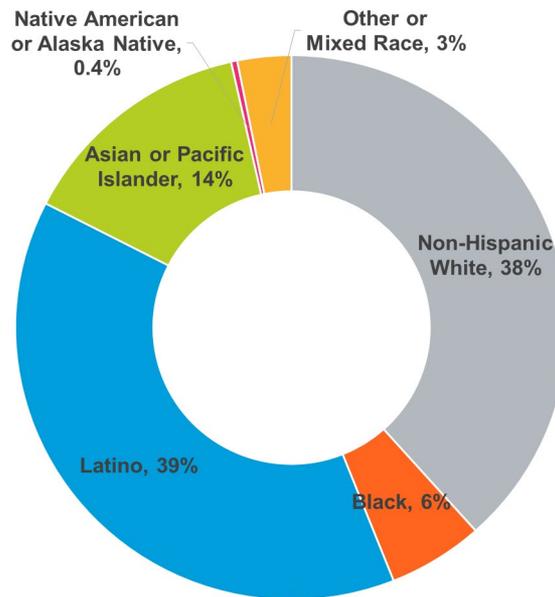
DEMOGRAPHY IS NOT DESTINY

CALIFORNIA'S REPRESENTATION GAP, 2016*

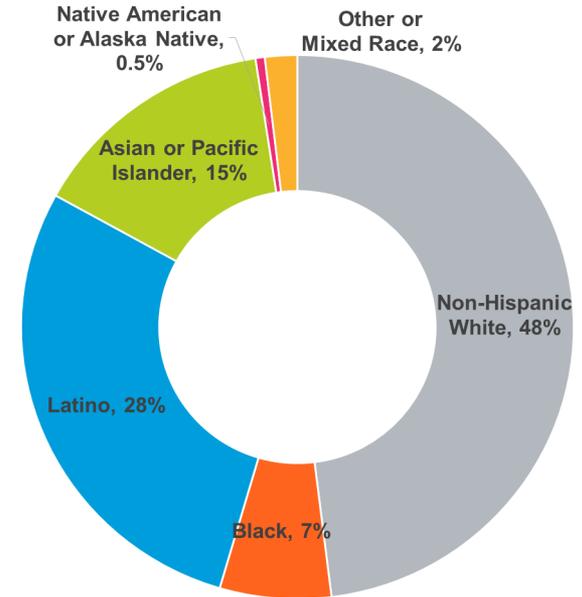
Youth under 18



Total Population



Citizen Voting-Age



*Source: USC PERE analysis of 2016 5-year IPUMS American Community Survey (ACS) microdata from IPUMS-USA and 2016 Current Population Survey (CPS) from IPUMS-CPS; CVAP defined as age 18 and over and citizen.

FOR MORE . . .

<http://dornsife.usc.edu/pere>

