ADDRESSING RACIAL EQUITY THROUGH THE STATE TAX CODE: CALIFORNIA CONTEXT & CONSIDERATIONS
U.S. and California, 1980 to 2012-2016

- California
- United States

CHALLENGE OF INEQUALITY
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

<table>
<thead>
<tr>
<th>Race/Ethnicity</th>
<th>1990</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Hispanic White</td>
<td>16%</td>
<td>19%</td>
</tr>
<tr>
<td>African-American or black</td>
<td>32%</td>
<td>37%</td>
</tr>
<tr>
<td>Latino</td>
<td>40%</td>
<td>38%</td>
</tr>
<tr>
<td>Asian or Pacific Islander</td>
<td>25%</td>
<td>24%</td>
</tr>
<tr>
<td>All</td>
<td>22%</td>
<td>27%</td>
</tr>
</tbody>
</table>

Source: IPUMS
Average Real Hourly Wages (in $2015) by Educational Level in California for Workers Age 25 to 64, 1978-2008

- Less than high school
- High school only
- Some college or A.A.
- B.A. degree
- Post-grad degree

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

Jobs in 2020: 36%
- White, U.S.-born: 42%
- White, immigrant: 51%
- Black, U.S.-born: 22%
- Black, immigrant: 40%
- Latino, U.S.-born: 18%
- Latino, immigrant: 7%
- Asian or Pacific Islander, U.S.-born: 57%
- Asian or Pacific Islander, immigrant: 51%
- Native American: 18%
- Mixed/other: 38%

IPUMS; Georgetown University Center on Education and the Workforce
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

- Other
- Native American
- Asian/Pacific Islander
- Latino
- Black
- White

1980: 80%
1990: 76%
2000: 69%
2010: 64%
2020: 59%
2030: 55%
2040: 51%
2050: 47%
SHIFTS IN IMMIGRATION

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

1980-1990
- U.S.-born: 2,871,428
- Immigrant: 3,119,659

1990-2000
- U.S.-born: 2,442,271
- Immigrant: 1,726,662

2000-2015
- U.S.-born: 3,005,814
- Immigrant: 1,530,990

IPUMS
LOOKING BACK. . .

1978

Prop 187 – bars undocumented Californians from public education and social services

Prop 13 – limits property tax rate to 1% of assessed value, caps future increases at 2%, super-majority requirements

Fiscal State of Emergency – declaration by the Governor to address $26 billion budget shortfall

1990

‘94

‘96

‘98

2000

‘08

2010

2018

Prop 209 – ends affirmative action

Prop 227 – ends bilingual education

Prop 21 – treats juveniles as adults when accused of certain crimes

Prop 184, Three Strikes – enacts harsh sentencing laws
RACIAL GENERATION GAP


2016: Election of Trump

Racial Generation Gap = percent seniors who are white - percent youth who are white

United States

California


0% 5% 10% 15% 20% 25% 30% 35% 40%
IMPACT ON POLICY PRIORITIES

As the racial generation gap increases, spending on education declines.

Prop 30—raises taxes for public education

Prop 47—reduces nonviolent crimes from felonies to misdemeanors

Prop 55—extends the “millionaire’s tax” part of Prop 30 for 12 years

Schools and Community First Initiative—would reform commercial property assessments
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
A dynamic, interconnected ecosystem of led by grassroots organizations building the ability to contest for power in multiple decision-making arenas—legislative, electoral, administrative, judicial, corporate, and cultural

- **Innovating models for organizing**: across race, place, and issues; new forms of organization; strategic use of technology

- **Scaling impact**: geographic breadth and depth; permanent infrastructure; integrated voter engagement

- **Aligning strategically**: shared vision and values; long-term agenda-setting; analysis of power
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