California’s Economic Outlook and Implications for The State Budget

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calbudgetcenter.org
The Current Economic Recovery: Slow and Uneven Improvement Following a Steep Downturn
California’s Economy Continues to Improve

- California’s current unemployment rate: 5.7%.
- This is less than half of what it was during the worst of the Great Recession (12.2% in 2010).
- Before the Great Recession began, California’s unemployment rate was 5.4%.
It Took Much Longer to Regain the Number of Jobs Lost in the Great Recession, Compared to Other Downturns

Percent Change in Total Nonfarm Jobs in California Since Each Recession Began

Note: The 2001 recession includes data up to July 2007, the month the Great Recession began in California.
Only High-Income Households Have Seen Their Incomes Recover From the Great Recession

Percent Change in Income Segment’s Average Inflation-Adjusted Income, 2006 to 2014

Source: US Census Bureau
Wages for All but the Highest-Paid California Workers Remained Below Their Pre-Recession Levels in 2014

Percent Change in Inflation-Adjusted Hourly Wage Between 2006 and 2014

Note: Data are for workers ages 25 to 64.
Source: Budget Center analysis of US Census Bureau data
Poverty Remains One of California’s Largest Challenges
California’s Poverty Rate Remains High Even as the State’s Jobless Rate Has Fallen Substantially

California's Poverty and Unemployment Rates

Source: Employment Development Department and US Census Bureau
Nearly 1 in 6 Californians and More Than 1 in 5 California Children Lived in Poverty in 2014

Percentage of Californians With Incomes Below the Federal Poverty Line

Source: US Census Bureau
There Are as Many Californians in Poverty as There Are Residents of the State’s Three Largest Cities

Millions of People

<table>
<thead>
<tr>
<th>City</th>
<th>Number of City Residents</th>
<th>Number of Californians in Poverty</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Jose</td>
<td>6.3</td>
<td>-</td>
</tr>
<tr>
<td>San Diego</td>
<td>4</td>
<td>6.3</td>
</tr>
<tr>
<td>Los Angeles</td>
<td>3</td>
<td>6.3</td>
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</tbody>
</table>

Source: Department of Finance and US Census Bureau
Poverty Rates Remain High in Many Parts of the State, Even in Places Where Job Gains Have Been Strong

Percentage-Point Difference in Poverty Rate Between 2007 and 2014

Source: Budget Center analysis of US Census Bureau data
Many Californians Struggle to Make Ends Meet
A Large Share of Low-Income Californians Struggle to Pay the Rent in Nearly Every County

Share of Low-Income Renters Paying More Than Half of Their Income for Housing

Note: Low-income households are those whose incomes do not exceed 80 percent of the median family income for the area.
Source: Center on Budget and Policy Priorities
Implications for the State Budget and Education Spending?
California’s Per Student Spending Has Gained on the Rest of the US, but Still Lags
Gap Between California’s K-12 Spending Per Student and the Rest of the US

* 2013-14 and 2014-15 data are estimated.
Note: Figures are in 2014-15 dollars.
Source: National Education Association
The Gap Between California's K-12 Spending and That in the Rest of the US Has Narrowed Since 2012-13

K-12 Spending as a Percentage of Personal Income

* 2013-14 and 2014-15 are estimated.
Source: National Education Association and US Bureau of Economic Analysis
California’s Support for K-12 Education Ranks Low by Almost Any Measure
How Does California's Support for K-12 Education Compare?

<table>
<thead>
<tr>
<th></th>
<th>Rank</th>
<th>California</th>
<th>US</th>
<th>Source</th>
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</thead>
<tbody>
<tr>
<td><strong>Spending Per Student</strong></td>
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<tr>
<td>K-12 Spending Per Student</td>
<td>42</td>
<td>$10,139</td>
<td>$12,040</td>
<td>National Education Association (NEA) and Texas A&amp;M University</td>
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<td>Adjusted for Cost of Living</td>
<td>(2014-15)*</td>
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<td><strong>Spending as a Share of the Economy</strong></td>
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<tr>
<td>K-12 Spending as a Percentage of Personal Income</td>
<td>36</td>
<td>3.48%</td>
<td>3.88%</td>
<td>NEA and US Bureau of Economic Analysis</td>
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<tr>
<td>(2014-15)*</td>
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<td><strong>Staffing Ratios</strong></td>
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<tr>
<td>Number of K-12 Students Per Teacher</td>
<td>51</td>
<td>22.4</td>
<td>15.5</td>
<td>NEA</td>
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<td>(2014-15)*</td>
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<td>Number of K-12 Students Per Guidance Counselor</td>
<td>51</td>
<td>785</td>
<td>440</td>
<td>National Center for Education Statistics (NCES)</td>
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<td>(2011-12)</td>
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<td>Number of K-12 Students Per Librarian</td>
<td>51</td>
<td>7,572</td>
<td>958</td>
<td>NCES</td>
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<td>(2011-12)</td>
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* Data are estimated.  
Note: All figures reflect Budget Center calculations.