

The Great Recession and Distribution of Income in California

Sarah Bohn
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California Families Hit Hard by Recession and Its Aftermath

- Family income declined across the spectrum
 - Lower-income families saw steepest losses
- Families of all demographic and regional groups affected
 - Education a partial buffer
- Unemployment a significant factor
 - Underemployment also important



California at New Extremes by 2010

- Less than majority of families fall in middle income range
- Gap between upper- and lower-income families widest in 30 years

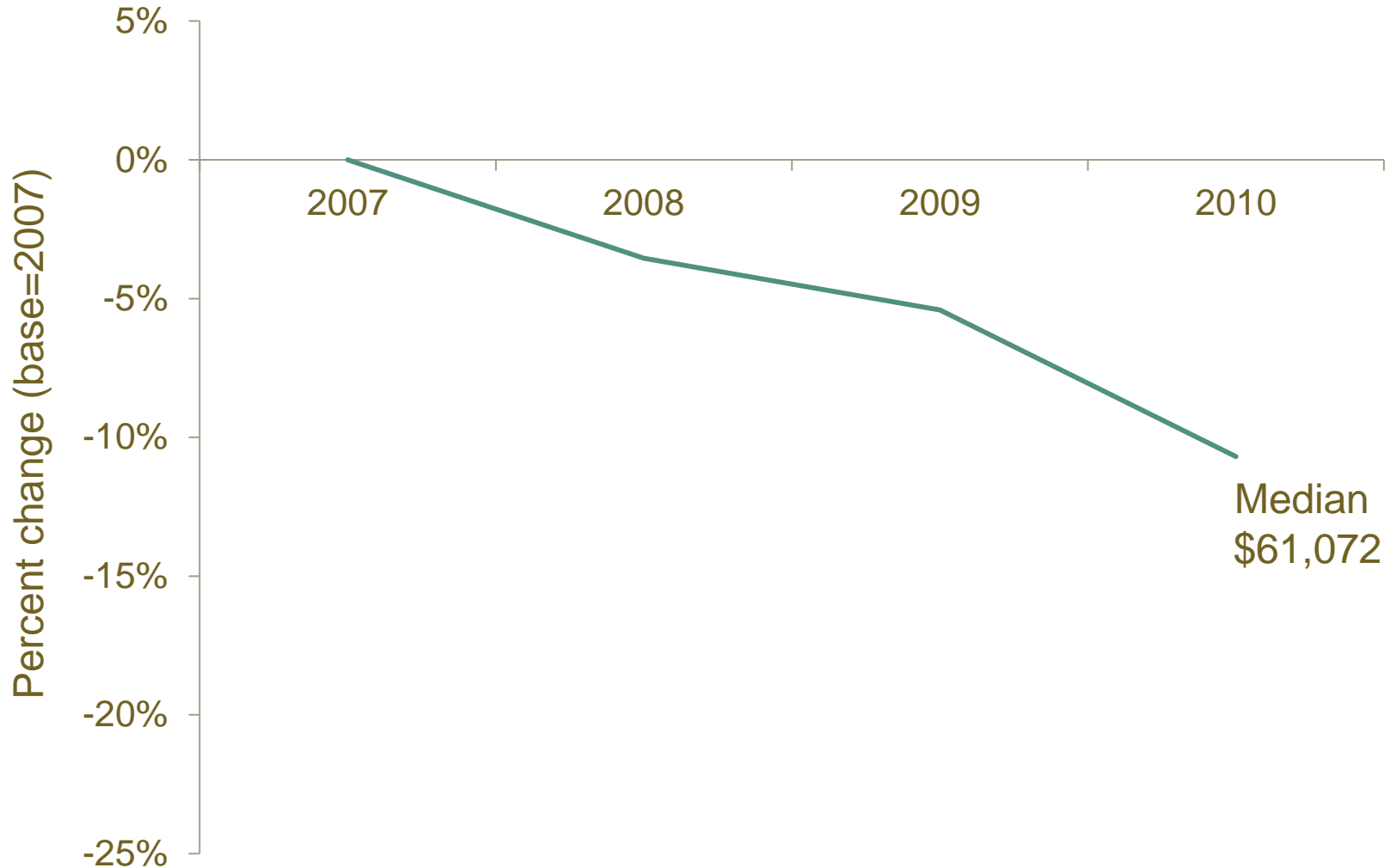


Outline

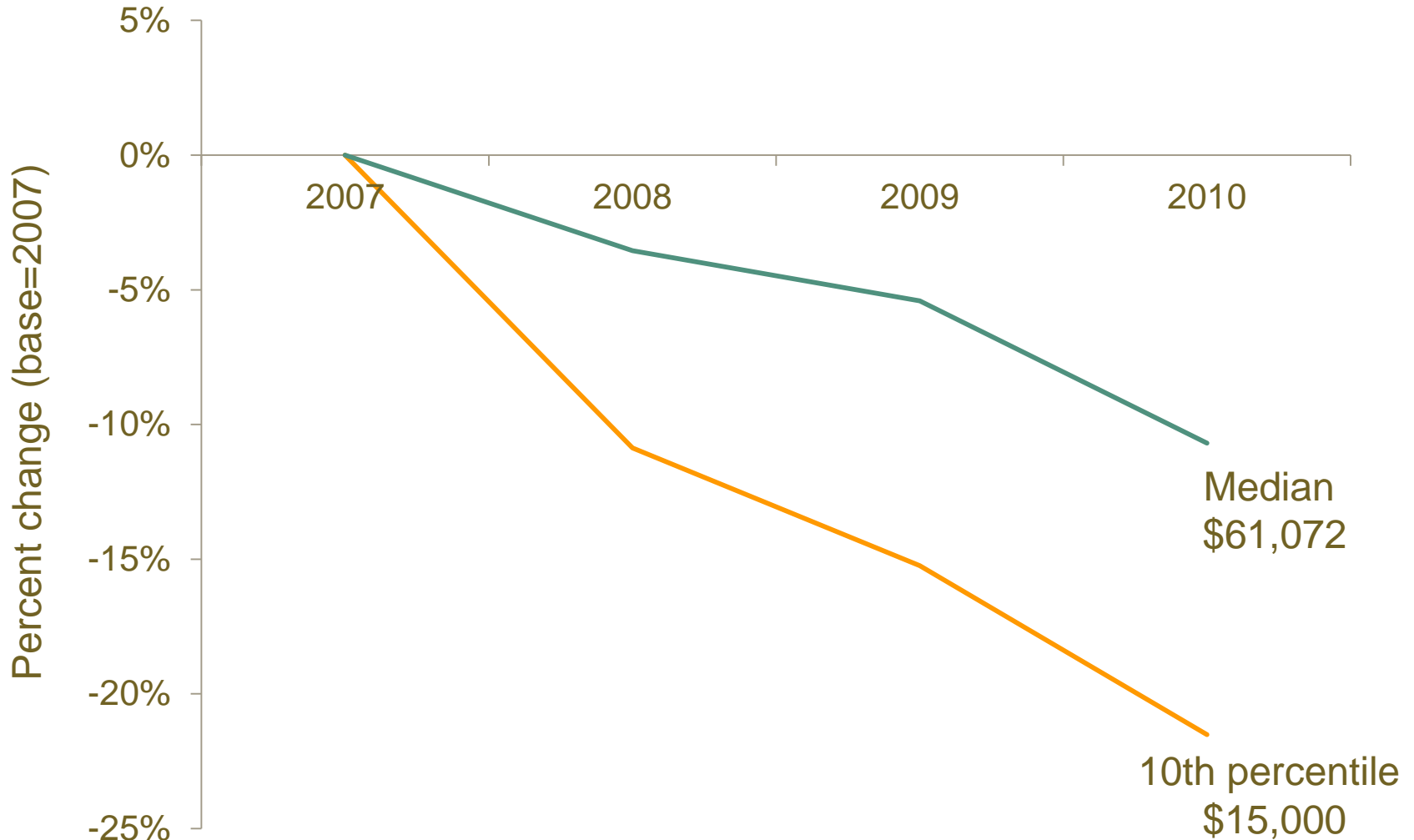
- Income declines across the spectrum
- Declines at the middle
- Unemployment and underemployment
- Demographic snapshot
- Conclusions



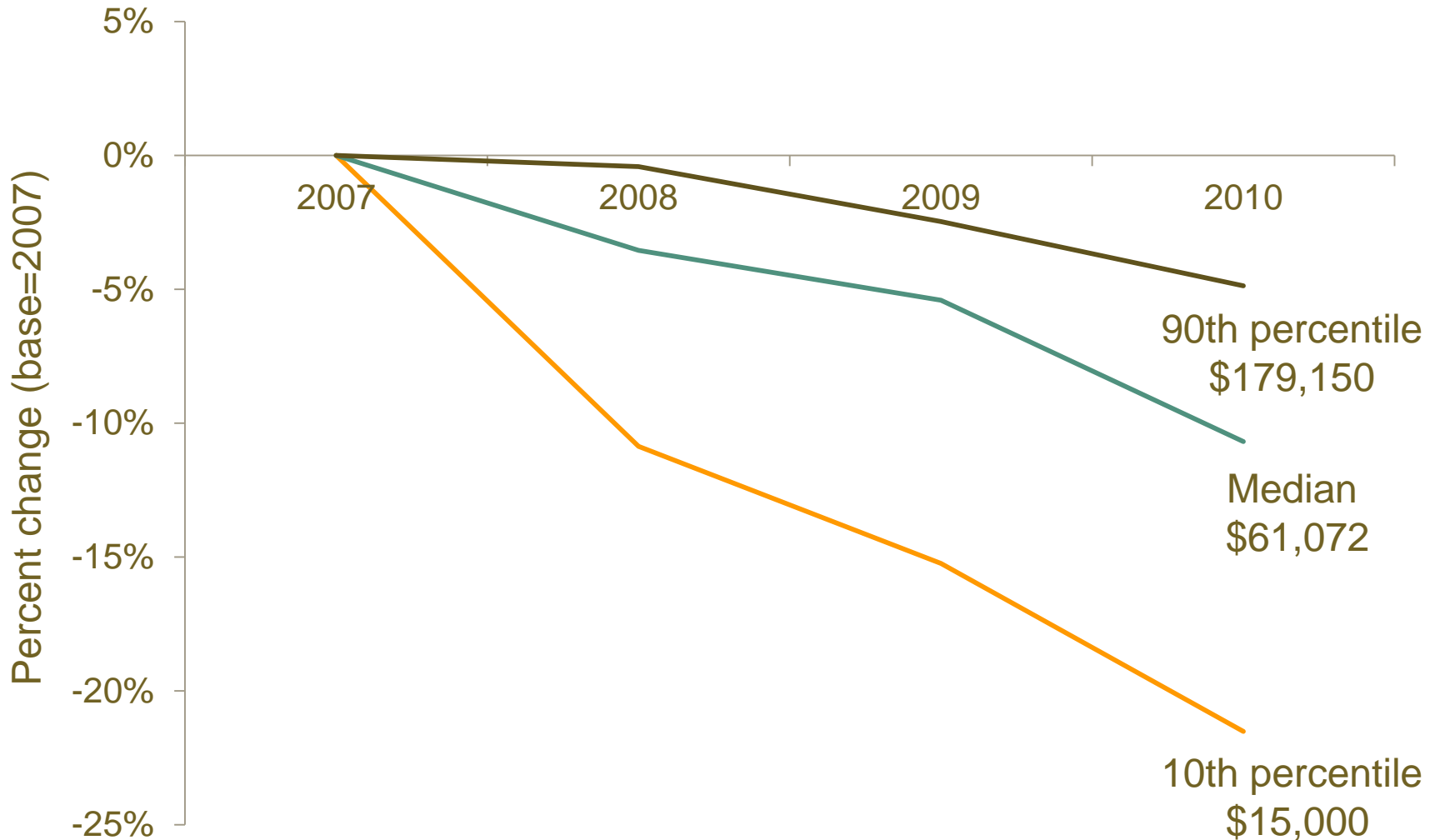
All Incomes Dropped, Some More Than Others



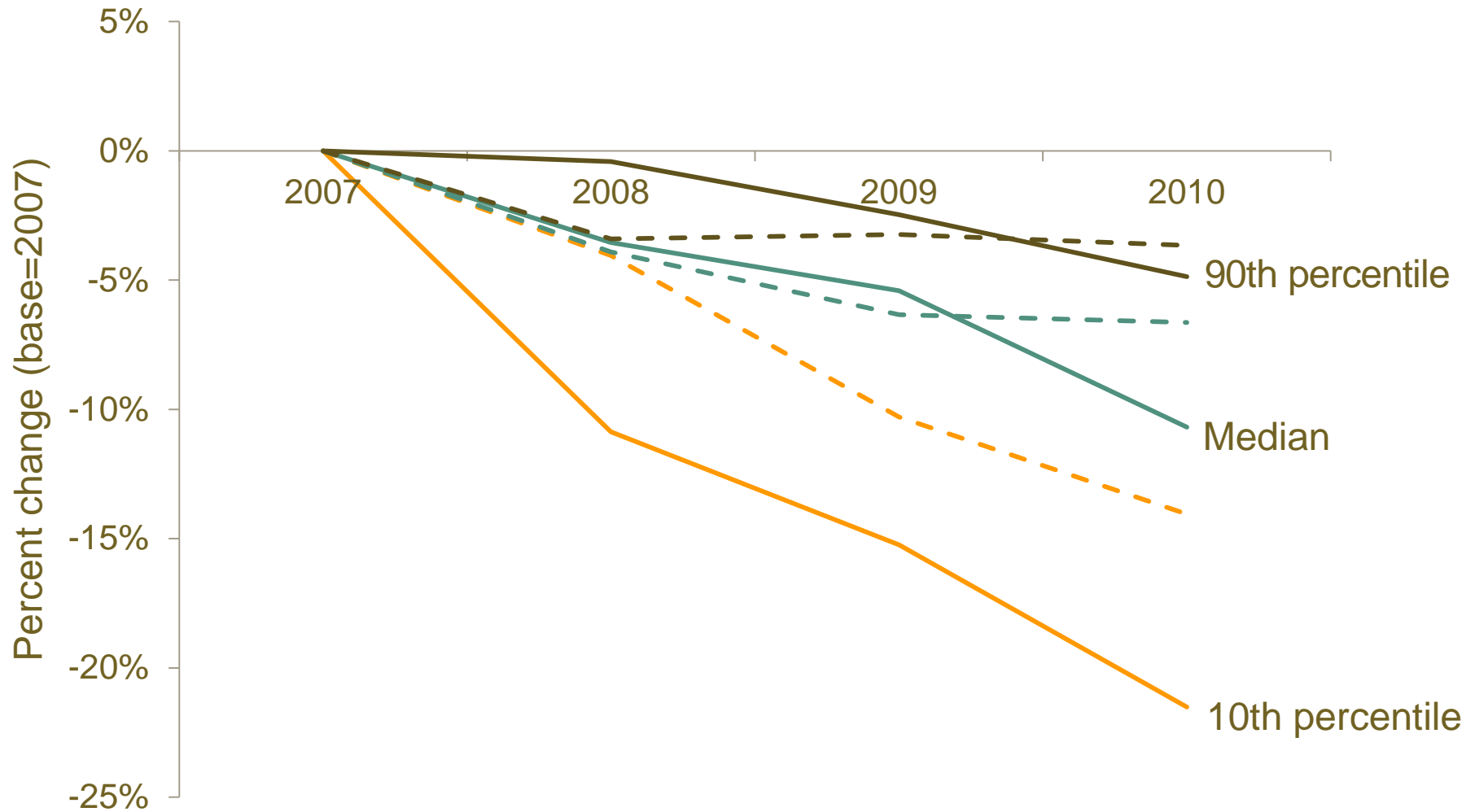
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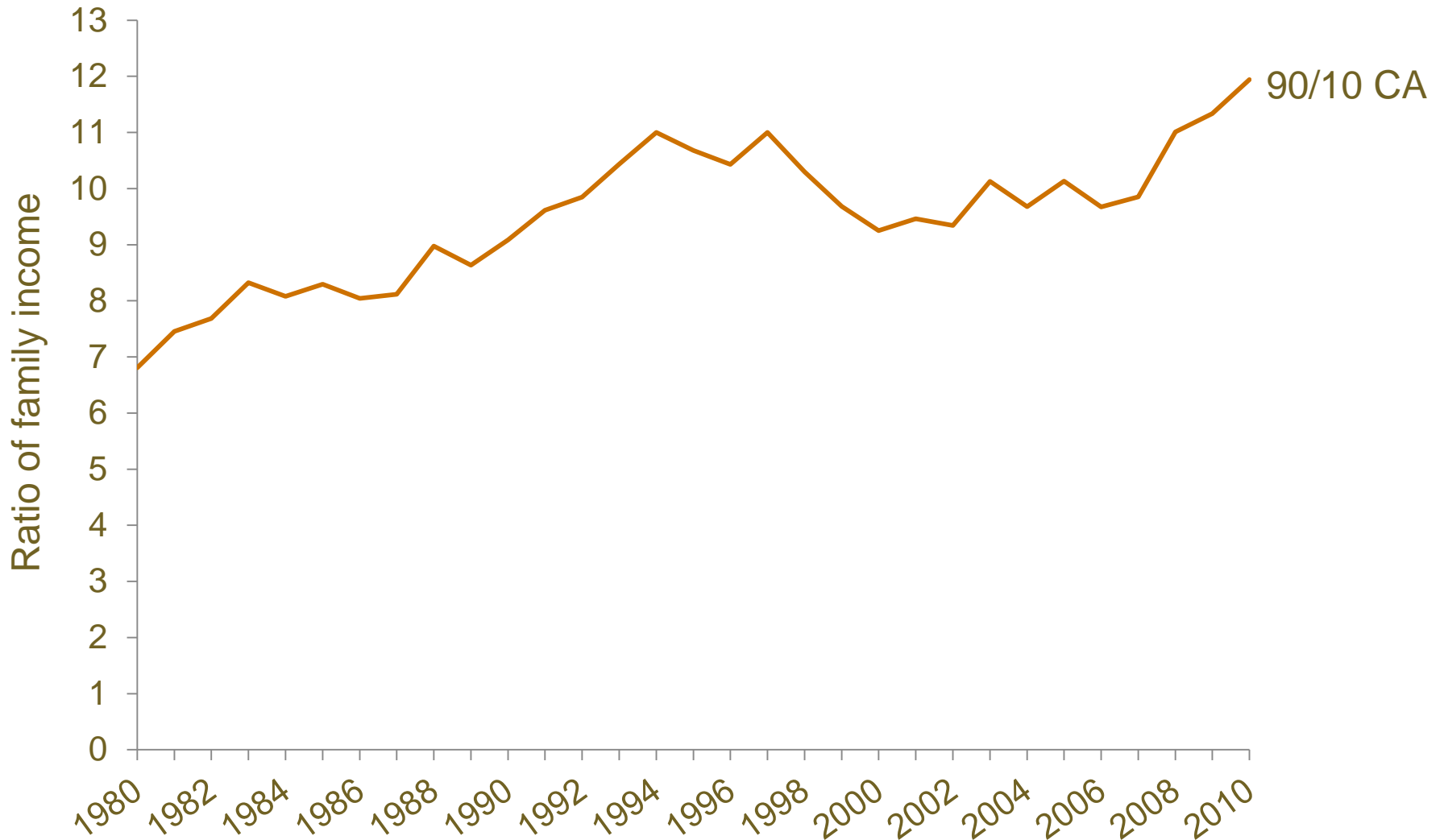
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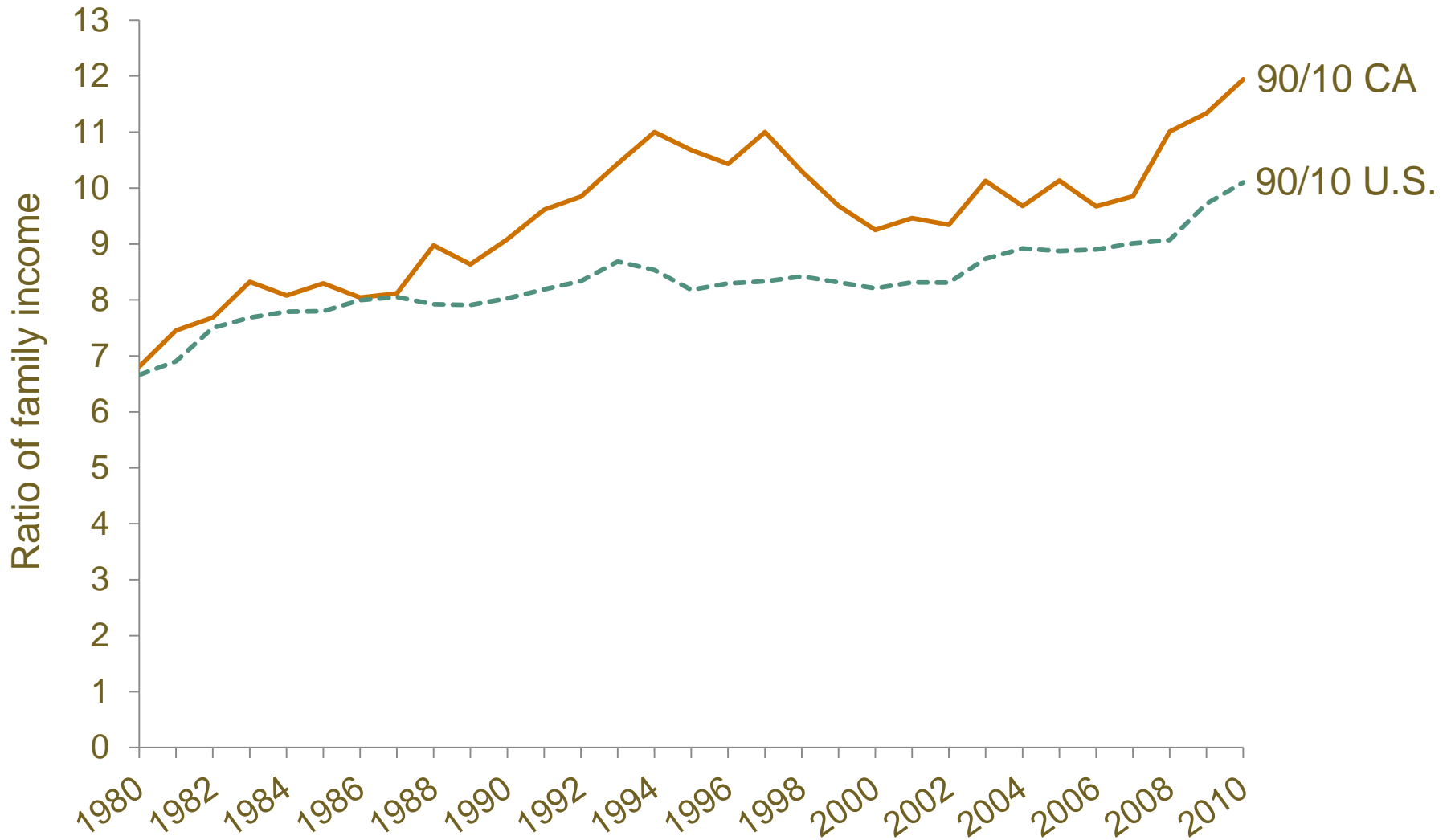
Declines Generally Smaller in Rest of U.S.



California Reached New Extremes in Income Gap



Gap Is Worse in California than in Rest of U.S.

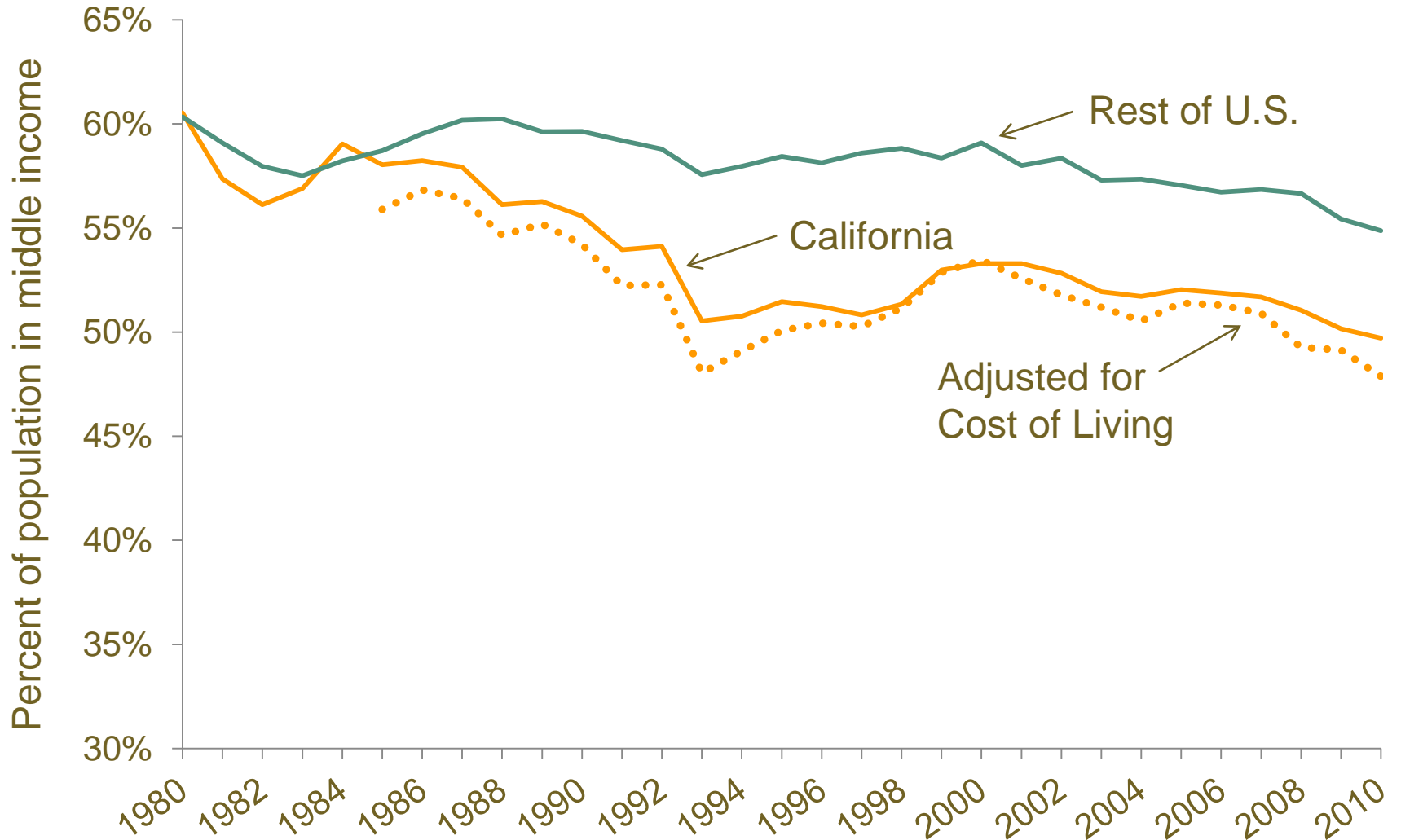


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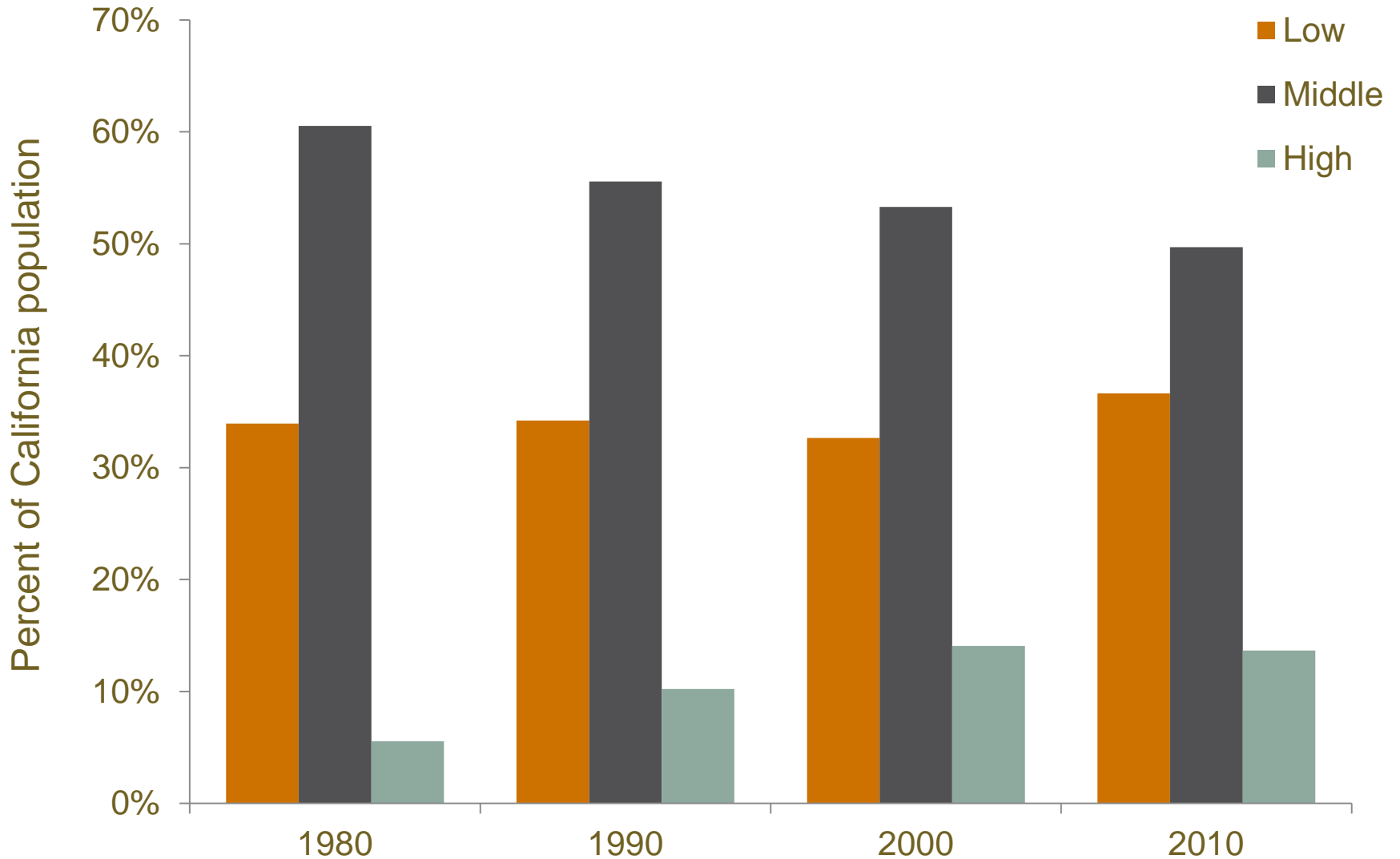
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Share of Middle Income Families Declining for Decades



Recession Reversed Trend of Middle Income Families

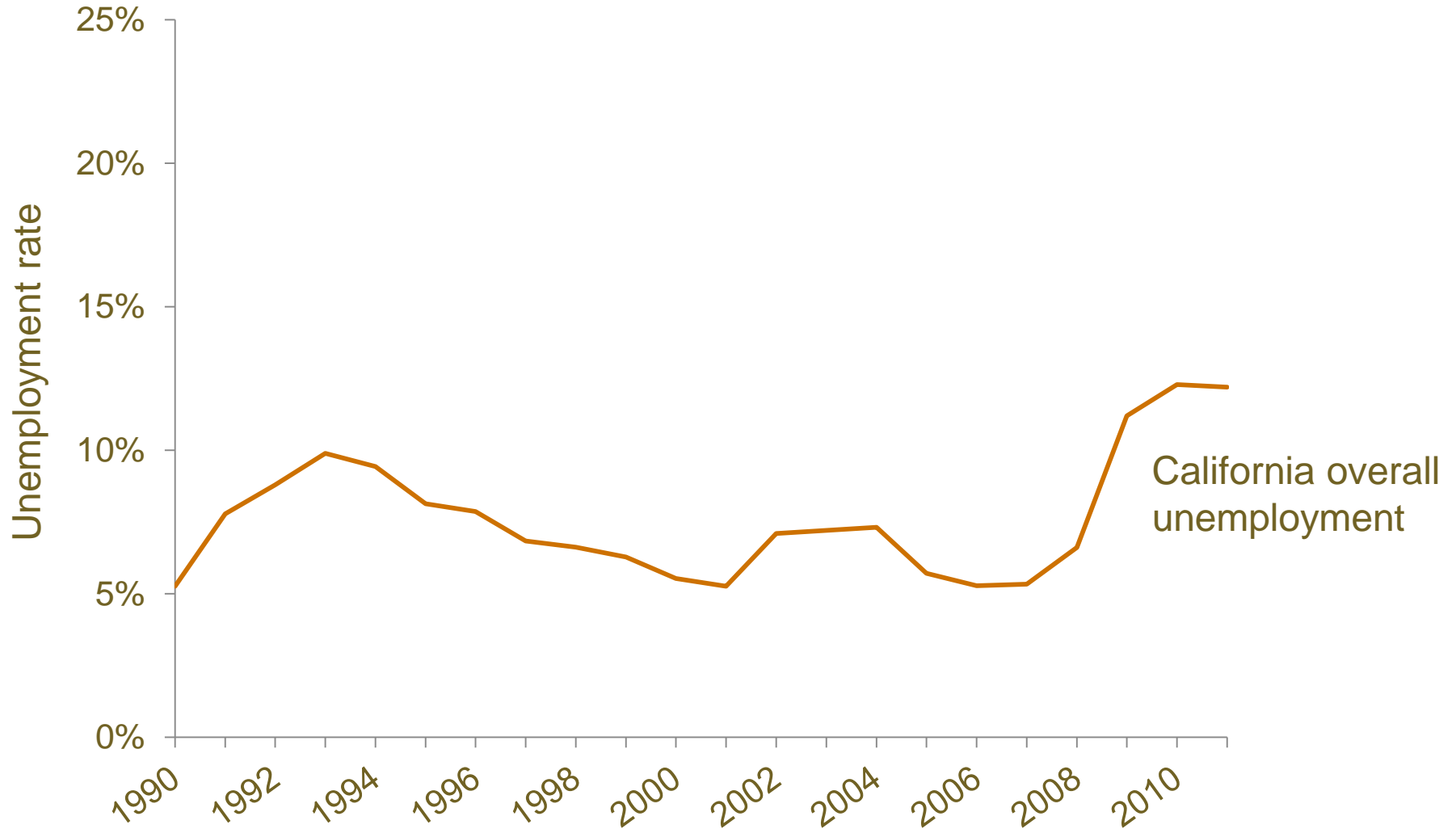


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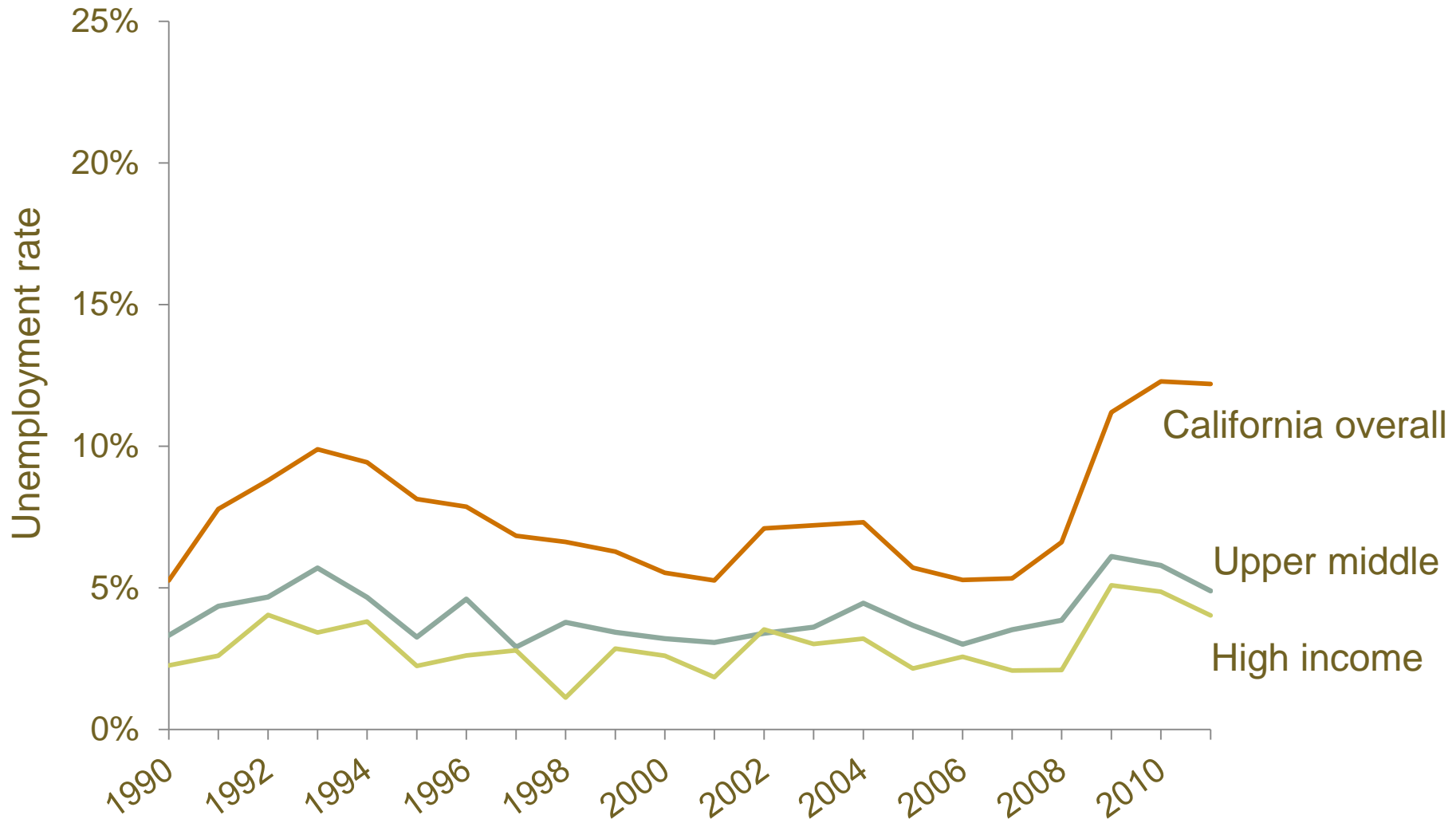
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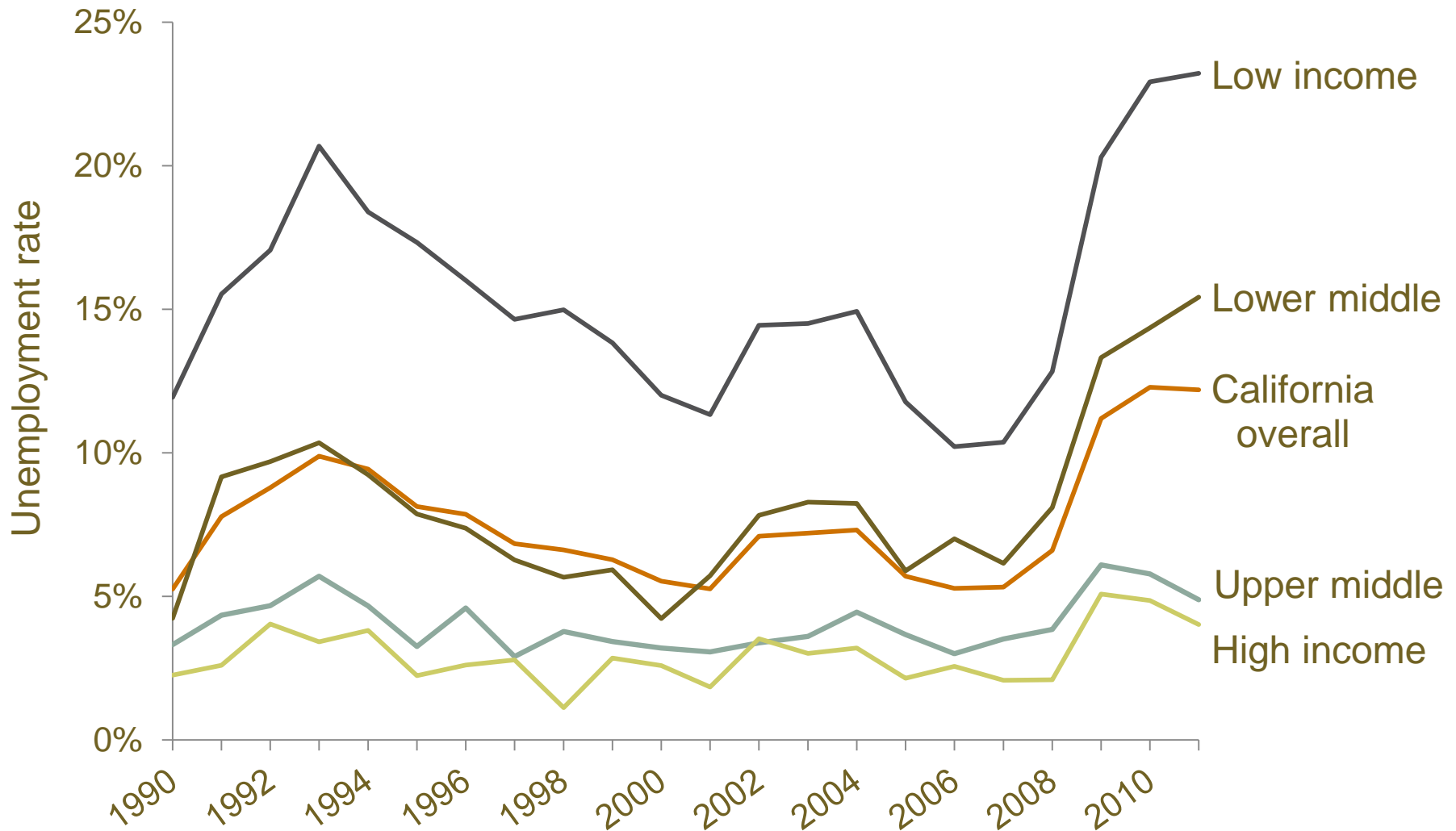
Unemployment a Hallmark of the Great Recession



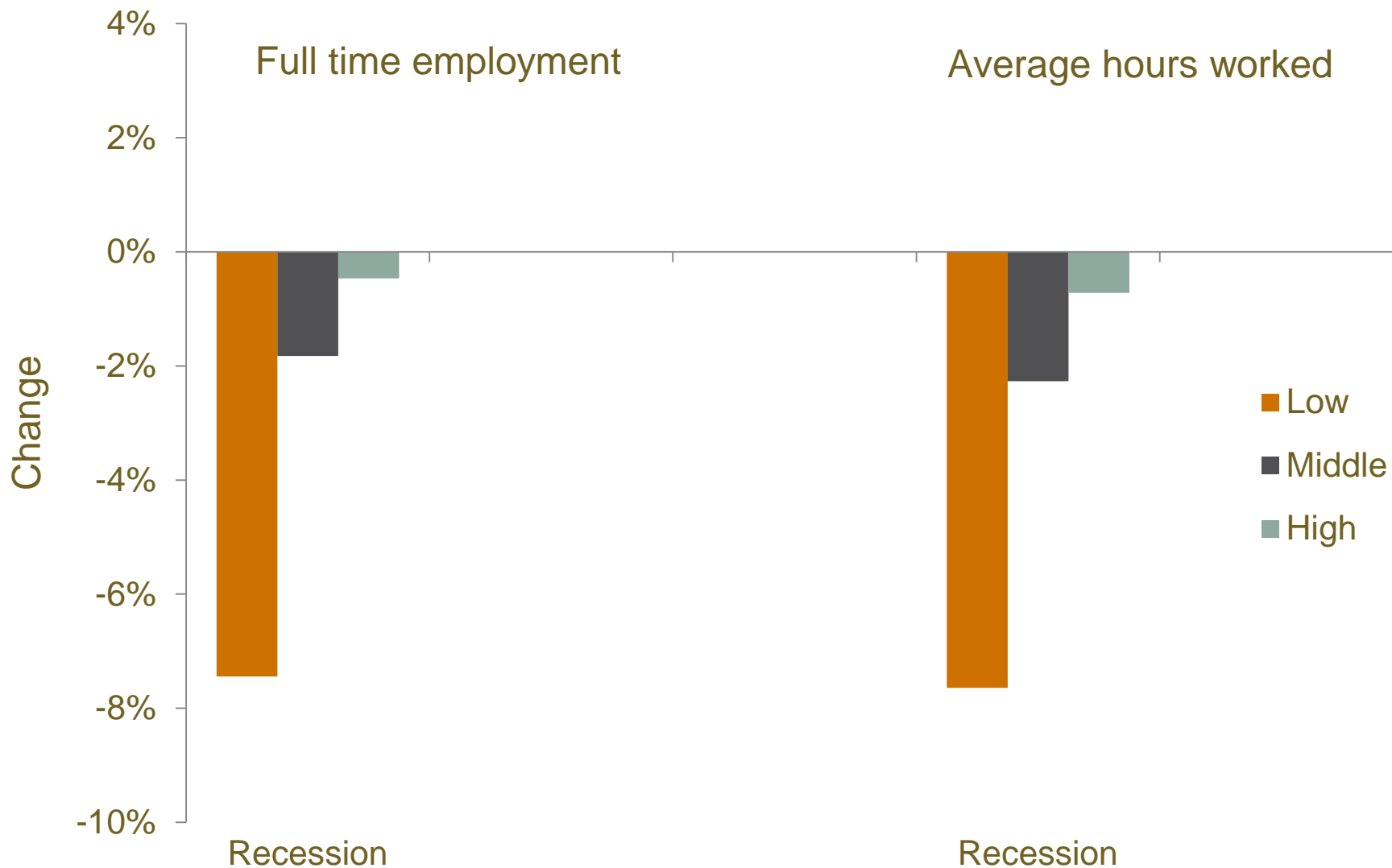
Turnaround May Be Starting for Higher Income Workers



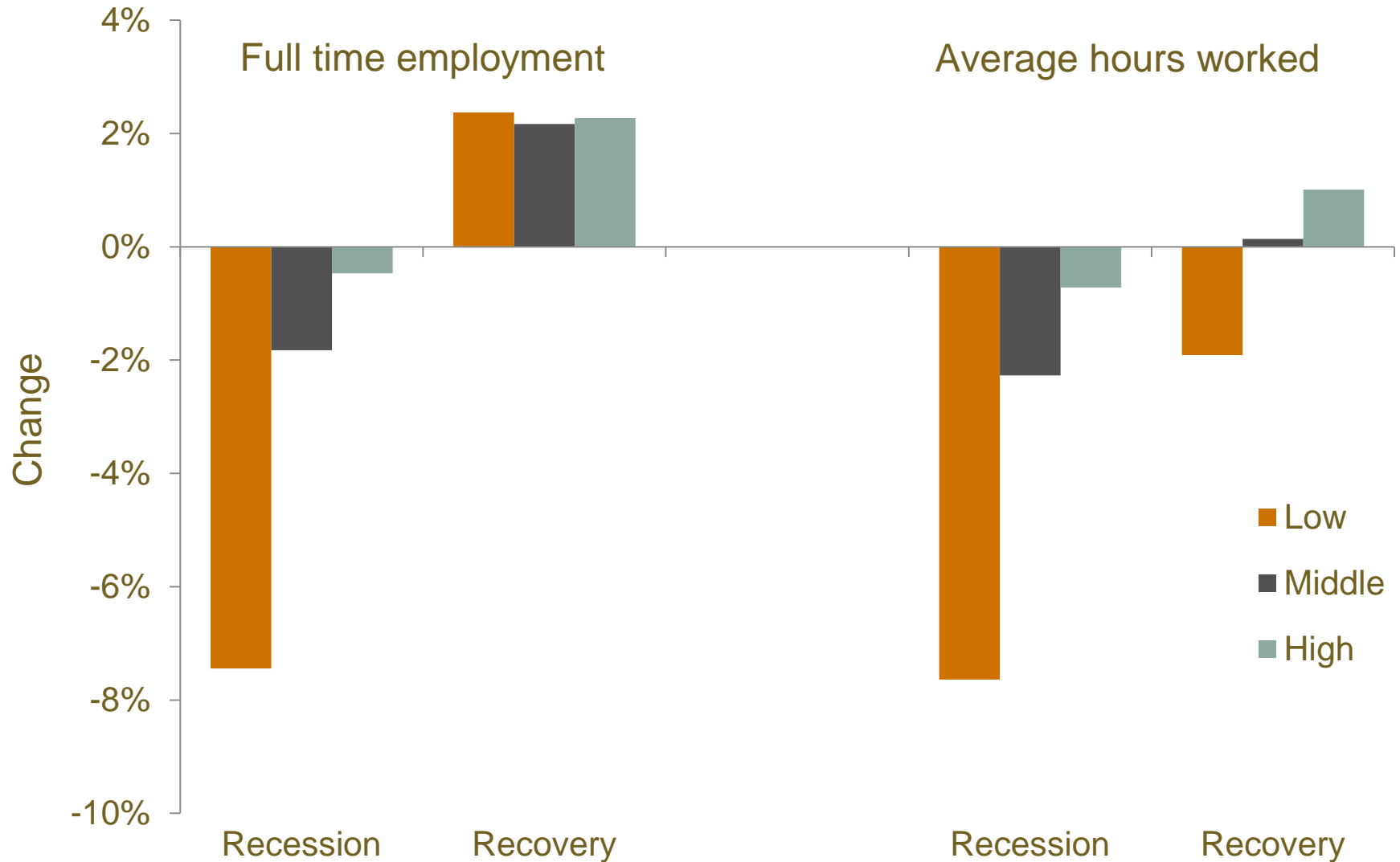
Picture Remains Bleak for Lower Income Workers



Underemployment Also Had Sizeable Effects



Signs of Recovery for Some, But Challenges Remain

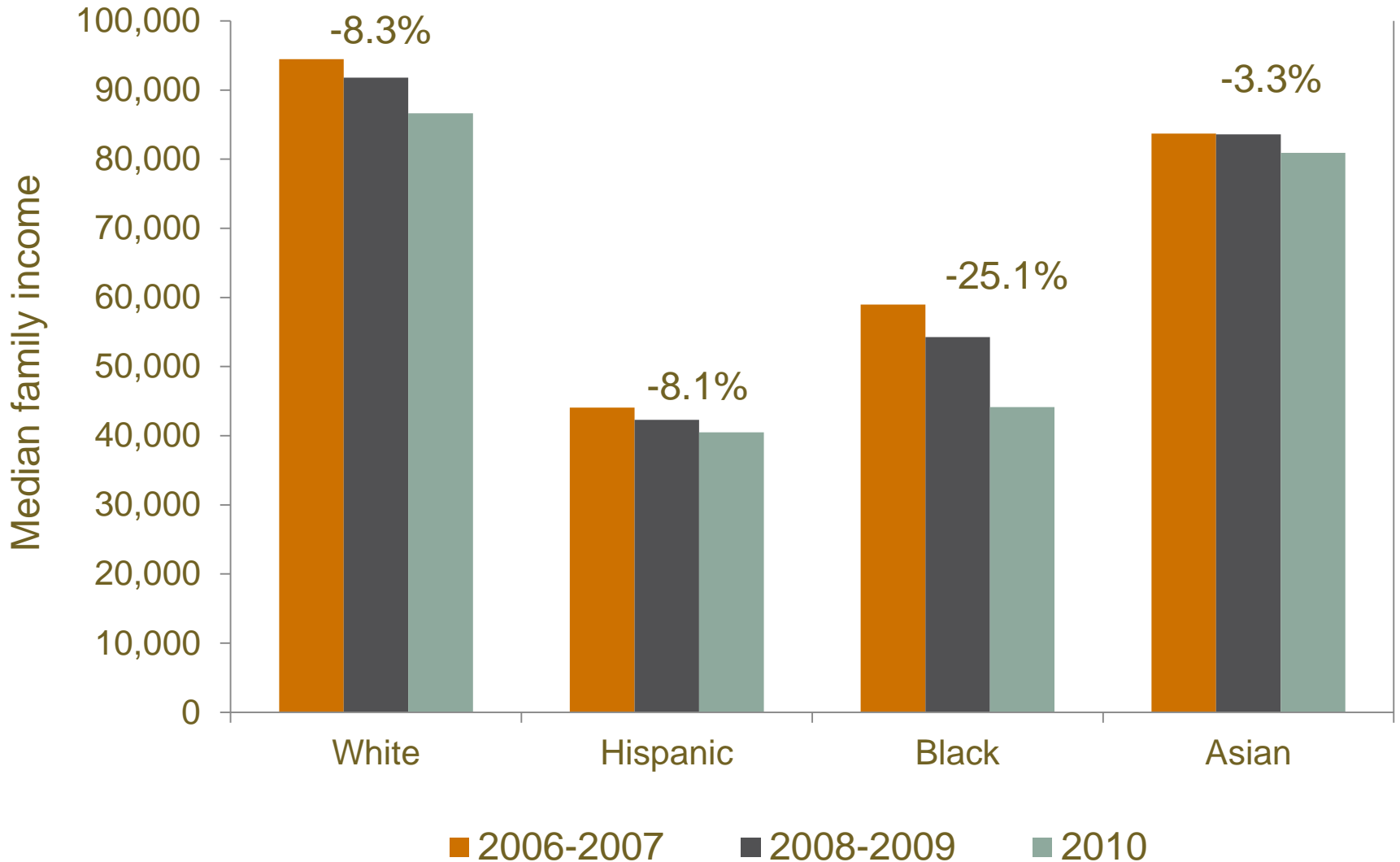


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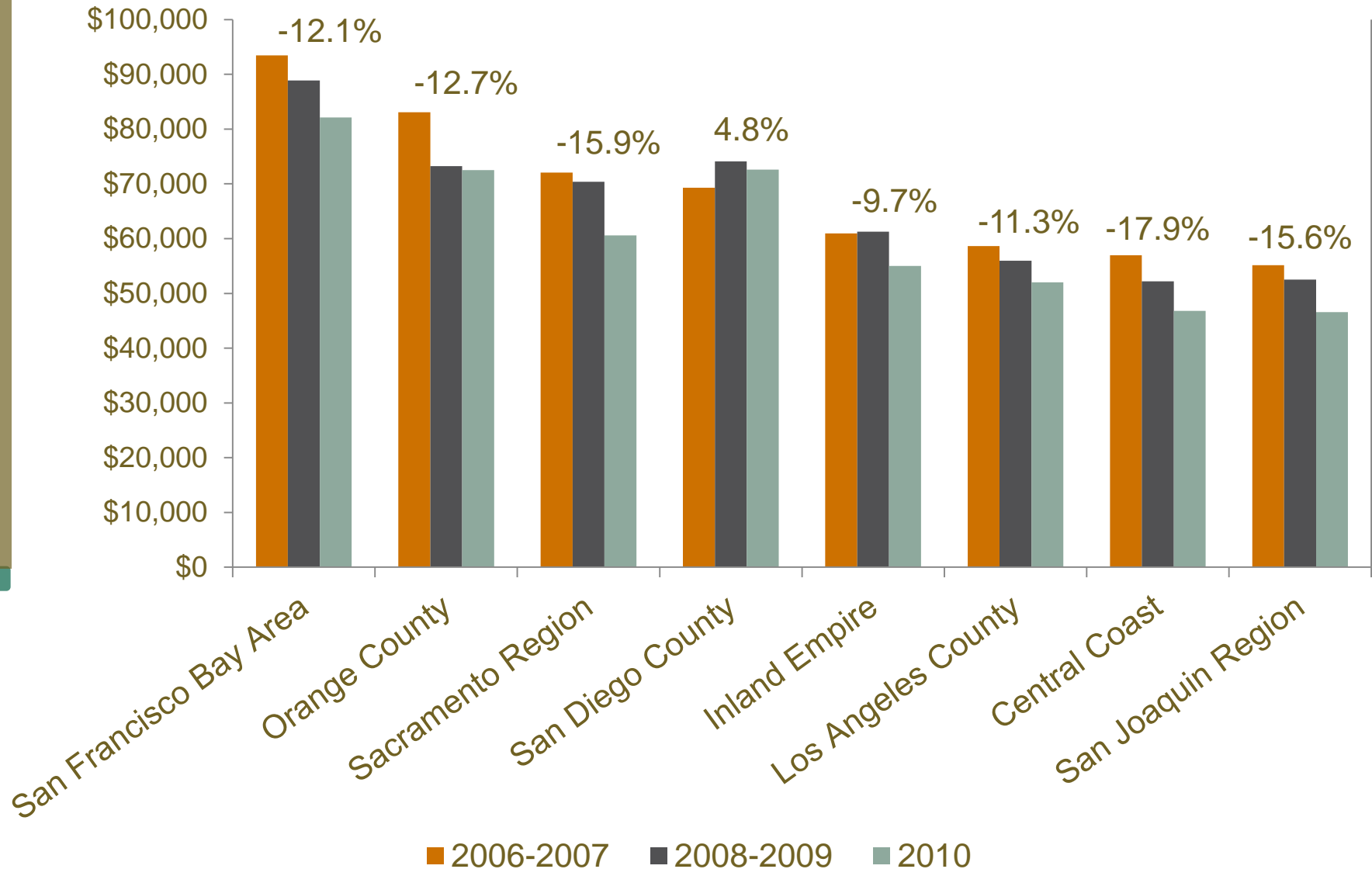
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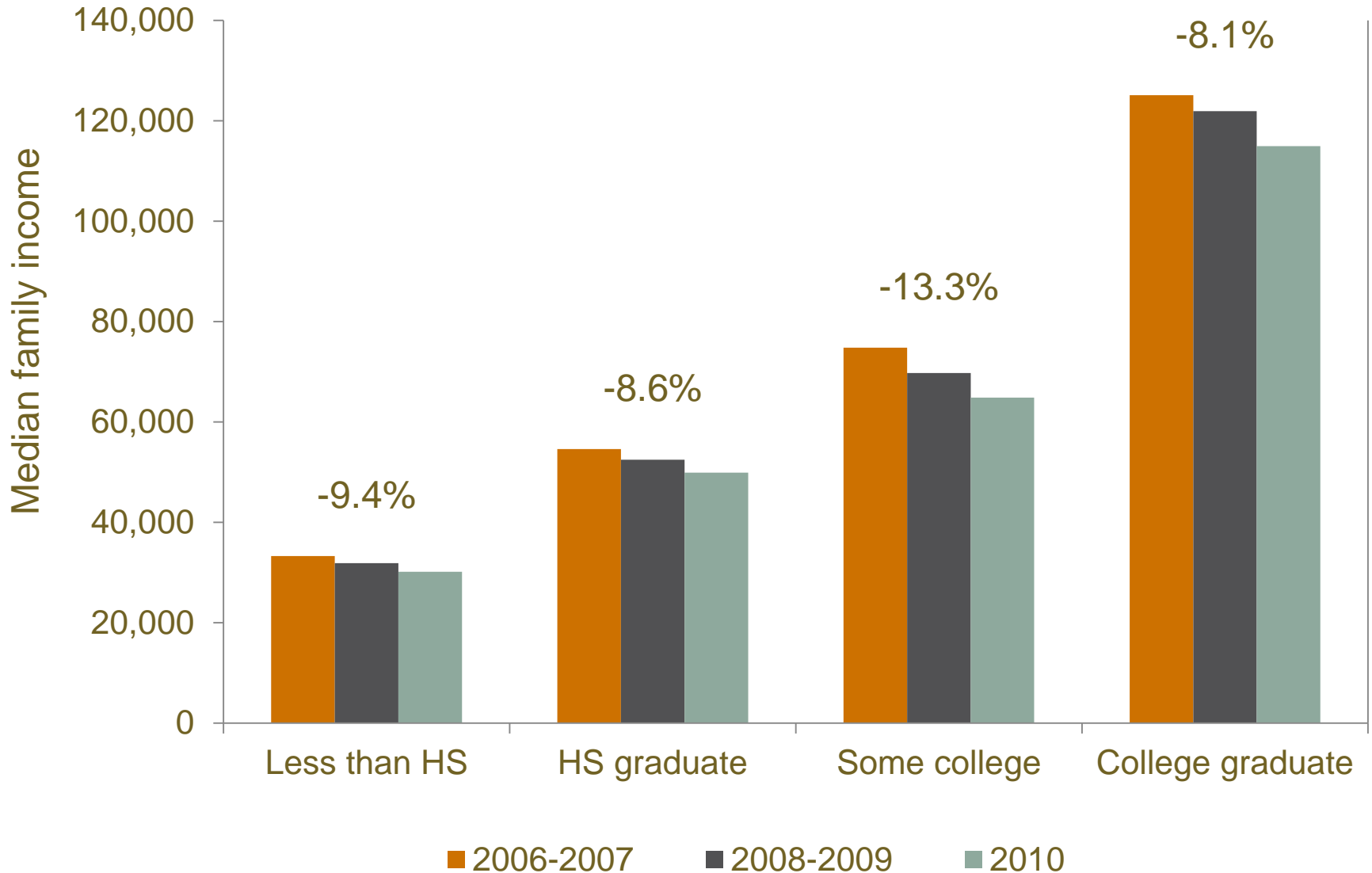
Black and Hispanic Families Hardest Hit



Regions Across the State Saw Declines



Families with More Education Somewhat Buffered

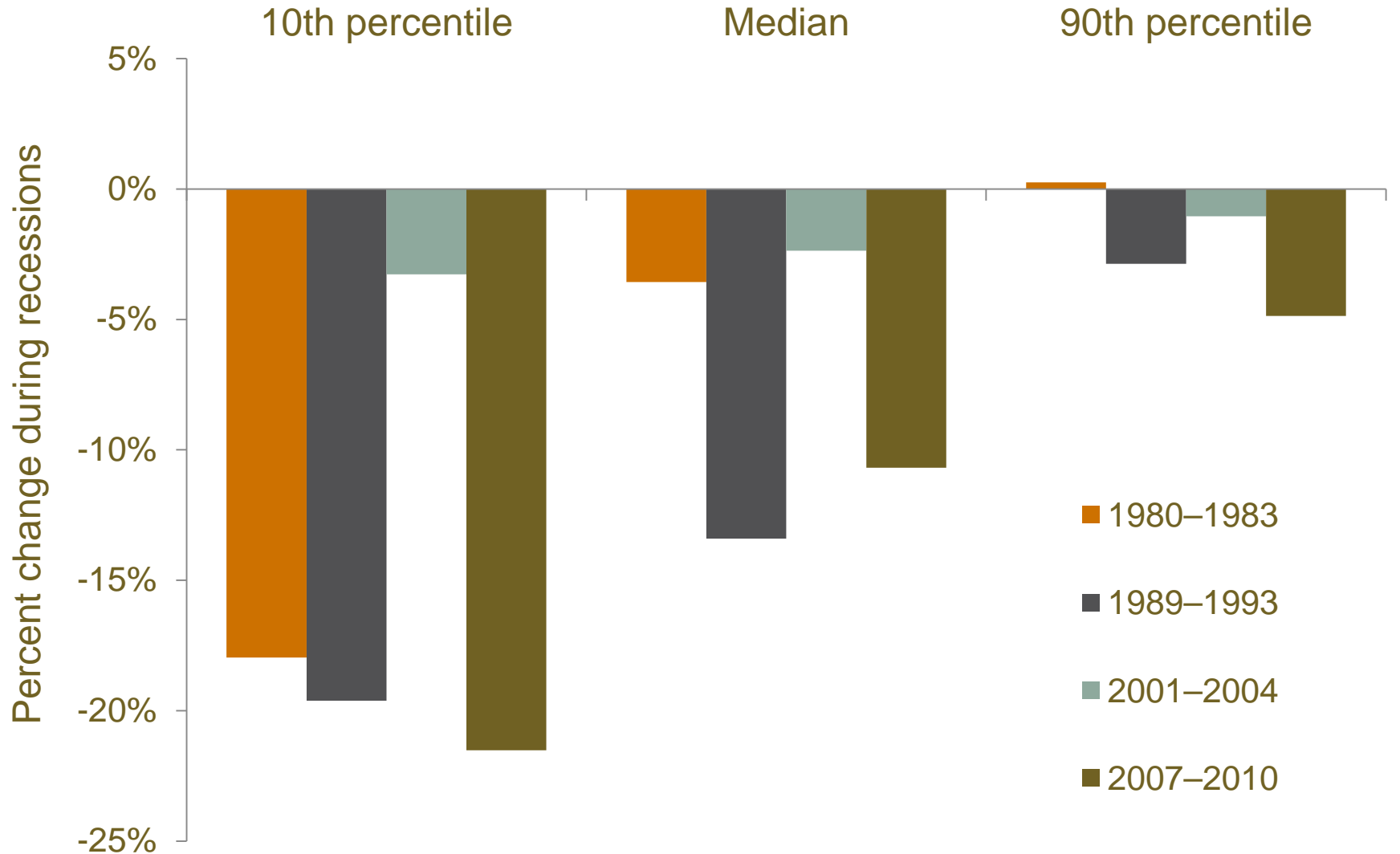


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Recessions Always Hit Lowest Income Group Hardest



Current Pattern of Recovery Uncertain

- In past, high income families recovered faster
- Similar recovery could worsen growing inequality



Conclusions

- Underemployment, as well as unemployment, affected incomes
 - Policies to promote job creation and full time employment are critical in short-term
- All families affected
 - Those with more education somewhat buffered
 - Promoting opportunity through education is important in long-term



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Notes on the use of these slides

These slides were created to accompany a presentation. They do not include full documentation of sources, data samples, methods, and interpretations. To avoid misinterpretations, please contact:

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Thank you for your interest in this work.

