Source List for Priorities for California’s Economy: Building Prosperity

This document provides background references and notes for the PPIC policy brief, Priorities for California’s Economy: Building Prosperity (February 2024). If you have any questions about the information in the report or these sources, contact Sarah Bohn (bohn@ppic.org) or Vicki Hsieh (hsieh@ppic.org).

Letter from the Center Director


Navigating an Uncertain Future

- The oil and gas sector … may shrink:
  - Escriva-Bou, A., et al. 2022. “Policy Brief: Drought and California’s Agriculture.” Public Policy Institute of California. April. This policy brief finds that there will be long-term declines in agricultural jobs related to sustainable groundwater management; while not directly tied to climate change, these shifts affect some sectors in similar ways.

- California’s economy has long benefited … could dampen growth:


- In 2023, 5 million Californians were unable to meet their basic needs: Bohn, S., et al. 2023. “Poverty in California.” Public Policy Institute of California. October.

- It often takes time … these resources are lacking:

- Data over the past four decades … low incomes as adults:

- Top incomes have grown dramatically over the long term (figure): Chart shows percent change in family income before taxes, which includes wages and earnings, income earned from businesses, farms and/or investments, retirement account withdrawals, social security, cash welfare, unemployment insurance, and other sources. Family income does not include stimulus payments or resources from in-kind safety net benefits. Family income is adjusted for inflation and stated in 2021 dollars; to make families comparable, income is normalized to reflect the equivalent for a family of four. The time series is adjusted to account for ASEC (Annual Social and Economic Supplement) survey changes in 2015 and 2019; entropy weights are used in 2018–2020.
Thanks in part … record high wage growth: Though these wide-ranging investments were helpful, they were also imperfectly implemented.


Addressing Regional Needs


California’s regions—especially the Bay Area—are far apart economically (figure): Regions defined by counties, with LA, Orange, and San Diego standing alone and other counties aggregated as Northern region: Butte, Colusa, Del Norte, Glenn, Humboldt, Lake, Lassen, Mendocino, Modoc, Nevada, Plumas, Shasta, Sierra, Siskiyou, Tehama, and Trinity; Sacramento area: El Dorado, Placer, Sacramento, Sutter, Yolo, and Yuba; Bay Area: Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Santa Cruz, Solano, and Sonoma; Central Valley and Sierra: Alpine, Amador, Calaveras, Fresno, Inyo, Kern, Kings, Madera, Mariposa, Merced, Mono, San Joaquin, Stanislaus, Tulare, and Tuolumne; Central Coast: Monterey, San Benito, San Luis Obispo, Santa Barbara, and Ventura; Inland Empire: Imperial, Riverside, and San Bernardino.

The pandemic accelerated … for many:


New residents … businesses could emerge:


Adapting to a smaller workforce


Labor force participation has been declining for men but is still much higher than for women (figure): Labor force participation is calculated as those in the labor force (working or looking for work) divided by the civilian non-institutional population, among those age 16 and older. Trends in labor force participation affect overall labor supply in California. Aging is a major driver of the trend shown here, but not the only factor; for instance, even among younger men, labor force participation is at a long-term low.

Direct support for job creation:


Making Work Pay Off

- Working poverty is widespread (figure): Counties were grouped into 13 regions according to Community Economic Resilience Fund/California Jobs First program definitions. Because of data limitations, Colusa and Del Norte Counties are included in the North State estimate and Sierra County is included in the Sacramento estimate. Map shows the percentage of workers age 25–64 who were poor or near poor, defined as up to 150 percent of the California Poverty Measure threshold. Estimates for smaller regions, like Eastern Sierra and Redwood Coast, may have more variability because they are based on samples of 2,000 workers or less.
- High costs have left many … for earlier generations:
- Gender and racial disparities intensify the challenge:


- Jobs that are nearly entirely female ... pay lower wages overall:
  - Public Policy Institute of California. 2023. “Key Facts about the Gender Wage Gap in California.” Instagram. September 18. An occupation is "mostly" one gender when more than 70 percent of workers are that gender.


