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# 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](mailto:bohn@ppic.org)) or Vicki Hsieh ([hsieh@ppic.org](mailto:hsieh@ppic.org)).

## Letter from the Center Director

- **Over seven in ten Californians ... than their parents:** Baldassare, M., et al. 2023. *PPIC Statewide Survey: Californians and Their Economic Well-Being*. Public Policy Institute of California. November.

## Navigating an Uncertain Future

- **The oil and gas sector ... may shrink:**
  - Karlamangia, Soumya. 2022. "If Oil Drilling Ends in California, What Happens to Oil Country?" *New York Times*. July 20.
  - Escrive-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:**
  - Johnson, H., et al. 2024. "California's Population." Public Policy Institute of California. January.
  - Johnson, H. 2023. "Who's Leaving California—and Who's Moving In?" *PPIC Blog*. March 21.
- **Our population is aging .... will rise even more:** Johnson, H. et al. 2023. "What's Behind California's Recent Population Decline—and Why It Matters." Public Policy Institute of California. October.
- **Since 1980 ... \$26,000 at the 10th percentile in 2021:** Thorman, T., et al. 2023. "Income Inequality in California." Public Policy Institute of California. March.
- **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:**
  - Bohn, S., et al. 2020. *Income Inequality and Economic Opportunity in California*. Public Policy Institute of California. December.
  - Jacobs, E., and L Hippié. 2018. *Are Today's Inequalities Limiting Tomorrow's Opportunities?* Washington Center for Equitable Growth. October 3.
- **Data over the past four decades ... low incomes as adults:**
  - Chetty, R., et al. 2014. "Where Is the Land of Opportunity? The Geography of Intergenerational Mobility in the United States." *The Quarterly Journal of Economics* (129) 4: 1553–1623.
- **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.
  - Autor, D., et al. 2022. “[The \\$800 Billion Paycheck Protection Program: Where Did the Money Go and Why Did It Go There?](#)” American Economic Association.
  - Ganong, P., et al. 2022. “[Lessons Learned from Expanded Unemployment Insurance during COVID-19.](#)” Brookings Institution. April 27.
  - Becker-Medina, E., et al. 2023. “[Joint Federal Research Found That More Than 90% of Potentially Eligible Individuals Received Stimulus Payments.](#)” US Census Bureau. May 11.
  - Bernanke, B., and O. Blanchard. 2023. “[What Caused the US Pandemic-Era Inflation?](#)” Brookings Institution. June 13.

## Addressing Regional Needs

- **Higher-wage professional and technical jobs are more common .... relatively fewer businesses and jobs:** McConville, S., et al. 2024. *California’s Businesses. Technical Appendix*. Public Policy Institute of California. January.
- **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:**
  - McGhee, E. 2022. “[California’s Population Shifts May Lead to New Income Divides.](#)” *PPIC Blog*. August 16.
  - Johnson, H. 2023. “[Large Cities Lose Population even as They Add New Housing.](#)” *PPIC Blog*. August 9.
  - Johnson, H., and E. McGhee. 2023. “[Who’s Leaving California—and Who’s Moving In?](#)” *PPIC Blog*. March 21.
- **Urban areas must navigate ... social infrastructure and services:** Bohn, S., et al. 2024. “[Making Sense of California’s Economy.](#)” Public Policy Institute of California. January.
- **New residents ... businesses could emerge:**
  - Conerly, B. 2023. “[How Population Growth Matters For Business.](#)” *Forbes*. January 18.
  - Liang, J., et al. 2018. “[Demographics and Entrepreneurship.](#)” *Journal of Political Economy* 126 (S1). October.
- **Though additional resources ... few privileged areas:** California Forward. 2023. *Building a More Inclusive and Sustainable California: Maximizing the Federal Infrastructure Funding Opportunity*. May.

## Adapting to a smaller workforce

- **Since 2005, the share of workers 55 and older has risen 39 percent:** Thorman, T., et al. 2024. “[Who Are California’s Workers?](#)” Public Policy Institute of California. January.
- **Even before the drastic drops ... in the last decade:** Perez, C., et al. 2023. “[Immigrants in California.](#)” Public Policy Institute of California. January.
- **Immigrants are major contributors to California’s economy ... and hospitality:** Thorman, T., et al. 2024. *Who Are California’s Workers? Technical Appendix*. Public Policy Institute of California. January.

- **But gaps between men and women ... 72% of women:** Bohn, S., et al. 2024. “[Making Sense of California’s Economy](#).” Public Policy Institute of California. January.
- **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:**
  - Neumark, D., et al. 2023. *Policies for Creating and Keeping Jobs in California*. Public Policy Institute of California. December.
  - Neumark, D., et al. 2023. *A Hiring Incentive that Works: The California Competes Tax Credit*. Public Policy Institute of California. December.

## Making Work Pay Off

- **Currently, more than a third of California workers earn less than \$20 an hour:** Thorman, T., et al. 2024. “[Who Are California’s Workers?](#)” Public Policy Institute of California. January.
- **Significant advancement from low-wage work is rare:** Escobari, M., and E. Krebs. 2021. “[The American Dream in Crisis: Helping Low-Wage Workers Move Up to Better Jobs](#).” Brookings Institution. June 14.
- **Over the decades ... middle-class incomes:** Bohn, S., and Schiff, E. 2011. *The Great Recession and the Distribution of Income in California*. December.
- **The pandemic highlighted ... often low wage:** Bohn, S., et al. 2020. “[Essential Workers and COVID-19](#).” *PPIC Blog*. March 31.
- **3.6 million are poor or near poor:** Bohn, S., et al. 2023. “[The Working Poor in California](#).” Public Policy Institute of California. October.
- **Inflation has outpaced wage growth in most major sectors:** Duan, J., and D. Payares-Montoya. 2023. “[Wage Growth Is Struggling to Keep Up with Inflation](#).” *PPIC Blog*. September 19.
- **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.
- **The majority of California renters spend more than 30 percent of their income on rent:** Cuellar Mejia, M., et al. 2022. “[California’s Housing Divide](#).” *PPIC Blog*. May 13.
- **About three in ten adults say they worry every day or almost every day about housing costs:** Baldassare, M., et al. 2023. *PPIC Statewide Survey: Californians and Their Economic Well-Being*. Public Policy Institute of California. November.
- **High costs have left many ... for earlier generations:**
  - Cuellar Mejia, M., and Johnson, H. 2022. “[California’s Housing Divide](#).” *PPIC Blog*. May 13.
  - Johnson, H., et al. 2022. “[Homeownership Trends in California](#).” *PPIC Blog*. June 14.
- **Gender and racial disparities intensify the challenge:**
  - Thorman, T., et al. 2024. *Who Are California’s Workers? Technical Appendix*. Public Policy Institute of California. January.
  - Blau, F., and L. Kahn, 2020. “[The Gender Wage Gap: Extent, Trends, and Explanations](#).” *Journal of Economic Literature* 55 (3): 789–865.
  - England, P., A. Levine, and E. Mishel. 2020. “[Progress toward Gender Equality in the United States Has Slowed or Stalled](#).” *PNAS*. March 30.

- Daly, M., et al. 2017. “Disappointing Facts about the Black-White Wage Gap.” Federal Reserve Bank of San Francisco Economic Letter 2017-26. September 5.
- Pérez, L., et al. 2021. “The Economic State of Latinos in America: The American Dream Deferred.” McKinsey Global Institute report. December 9.
- Bayer, P., and K. K. Charles. 2017. “Divergent Paths: Structural Change, Economic Rank, and the Evolution of Black-White Earnings Differences, 1940–2014.” *National Bureau of Economic Research*.
- **Across all levels of educational attainment ... less than white workers:** Cuellar Mejia, M., et al. 2023. “Is College Worth It?” Public Policy Institute of California. March.
- **Jobs that are nearly entirely female .... pay lower wages overall:**
  - Thorman, T., et al. 2024. *Who Are California’s Workers? Technical Appendix*. Public Policy Institute of California. January.
  - 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.
- **Business owners typically earn more than wage and salary workers.** Cuellar Mejia, M., et al. 2024. “Self-Employment in California.” Public Policy Institute of California. January.
- **Women and people of color own fewer businesses relative to their share of the workforce:** McConville, S., et al. 2024. “California’s Businesses.” Public Policy Institute of California. January.
- **Gig work ... workers’ circumstances.** Cuellar Mejia, M., et al. 2024. *Self-Employment in California. Technical Appendix*. Public Policy Institute of California. January.
- **Supplementing wages and benefits ... all who could benefit:** Thorman, T., et al. 2023. *Understanding the Reach of the California Earned Income Tax Credit*. Public Policy Institute of California. November.
- **Traditional educational pathways ... upward mobility:** Johnson and Cuellar Mejia. 2020. *Higher Education and Economic Opportunity*. Public Policy Institute of California. November.