



California's
SOCIAL PRIORITIES



CHAPMAN UNIVERSITY

Center for Demographics and Policy



California's
SOCIAL PRIORITIES

by

David Friedman & Jennifer Hernandez ¹



**CHAPMAN
UNIVERSITY**

PRESS

2015



CHAPMAN UNIVERSITY

Center for Demographics and Policy

“Demographics is destiny” has become somewhat an overused phrase, but that does not reduce the critical importance of population trends to virtually every aspect of economic, social and political life. Concern over demographic trends has been heightened in recent years by several international trends — notably rapid aging, reduced fertility, large scale migration across borders. On the national level, shifts in attitude, generation and ethnicity have proven decisive in both the political realm and in the economic fortunes of regions and states.

The Center focuses research and analysis of global, national and regional demographic trends and also looks into policies that might produce favorable demographic results over time. In addition it involves Chapman students in demographic research under the supervision of the Center’s senior staff. Students work with the Center’s director and engage in research that will serve them well as they look to develop their careers in business, the social sciences and the arts. They will also have access to our advisory board, which includes distinguished Chapman faculty and major demographic scholars from across the country and the world.

Wilkinson College of Humanities and Social Sciences is the largest college at Chapman University. The distinguished faculty are composed of active scholars who are renowned nationally and internationally for their academic excellence and contribution to knowledge. But just as important, they are also enthusiastic teachers who take seriously their responsibility of ensuring that our students, whether majors, minors, or graduate students, are prepared for the intellectual, ethical, and professional challenges that a rapidly changing world is going to present. Our college is focused on providing a well-rounded educational foundation that lead to a variety of career paths. Wilkinson College invites you to join our vibrant intellectual community, where collaborative student-faculty research, internships, community service, travel courses and study abroad, student organizations, and several lecture series extend learning beyond the classroom.

ADDITIONAL RESEARCH CENTERS:

The **Earl Babbie Research Center** is dedicated to empowering students and faculty to apply a wide variety of qualitative and quantitative social research methods to conduct studies that address critical social, behavioral, economic and environmental problems. The Center's mission is to provide research support and instruction to students, faculty and the broader community, and to produce research that addresses global concerns including human rights, social justice, peaceful solutions to social conflicts and environmental sustainability. The Babbie Center supports cutting edge interdisciplinary research and encourages faculty student collaboration. For more information about the Earl Babbie Research Center.

The **Henley Social Science Research Lab** supports undergraduate and faculty research through a variety of programs. Research assistants staff the lab five days a week and can help faculty with the collection and analysis of data. They are also available to support students by providing tutoring in SPSS, GIS and quantitative methods for courses that include this content. The lab also encourages and facilitates interdisciplinary research with the creation of faculty work groups and serves as a resource for the community and can provide consulting services. The Henley lab is pleased to provide consulting for local government and community groups.

WILKINSON COLLEGE
of Humanities and Social Sciences

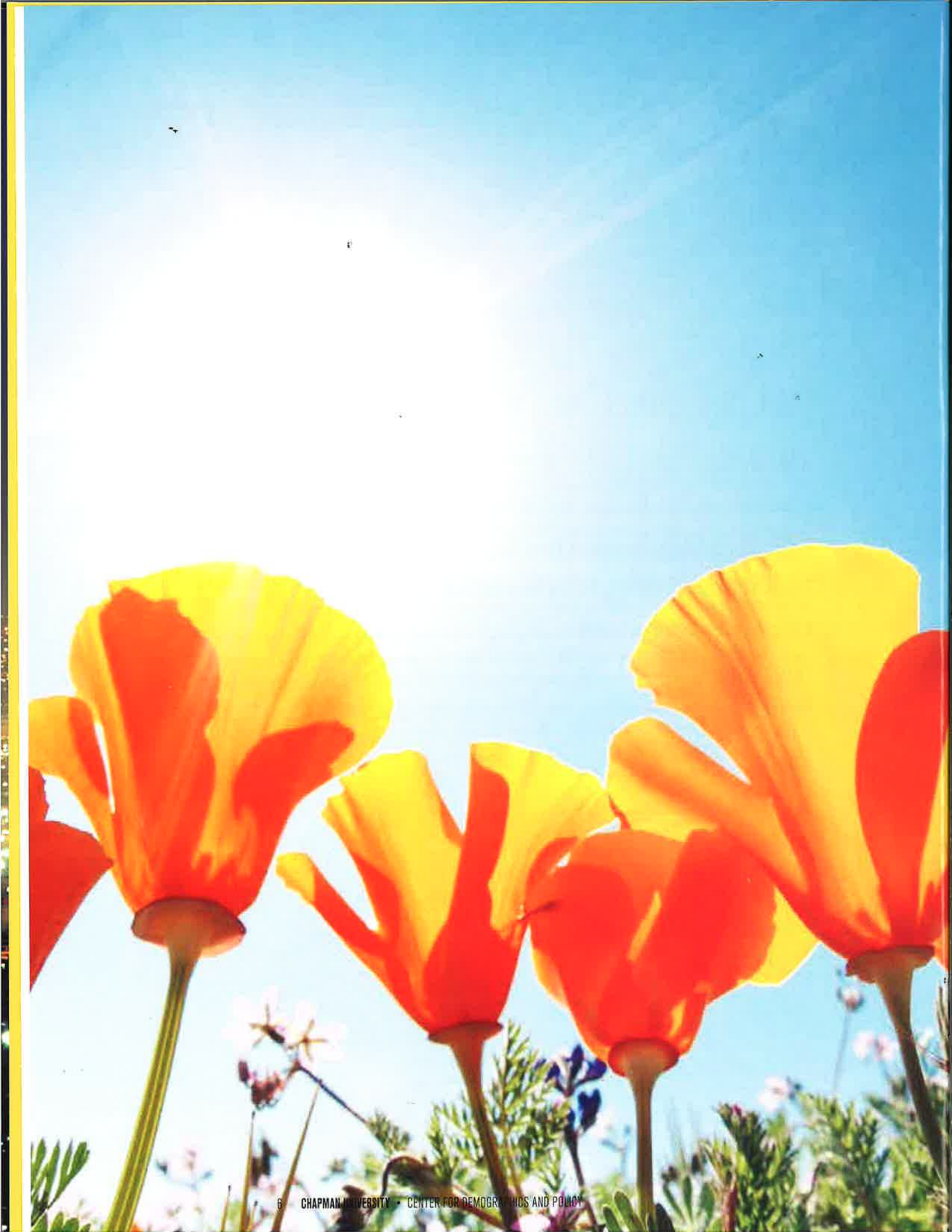
AUTHORS:

David Friedman and **Jennifer Hernandez** are attorneys in the California environmental and land use practice group of Holland & Knight LLC, an international law firm. The practice group periodically publishes analyses of California legal and policy data in support of its continued study of the use, and abuse, of the California Environmental Quality Act of 1970, which allows anyone (even anonymous entities, and entities seeking to advance non-environmental objectives) to file a lawsuit alleging inadequate environmental evaluation of any type of project requiring a discretionary approval from any state, regional or local agency. As confirmed by several research studies including those completed by the firm, California courts have upheld approximately half of such lawsuit challenges in reported appellate court cases decided over the past 15 years, most commonly ordering reversal of project approvals pending further environmental studies. The delays and uncertainties caused by CEQA litigation abuse against environmentally benign or even beneficial projects have prompted repeated calls for CEQA reform by California's elected leaders, but meaningful reform faces fierce opposition from entrenched special interests.

TABLE OF CONTENTS



Authors	4
Introduction	7
Educational Achievement Has Declined	9
Inequality and Poverty Have Increased	12
Employment Opportunities	16
Conclusion	20
Footnotes and Sources	22



Introduction

California has achieved a great deal since 1970, including much cleaner air, water and more effective resource stewardship notwithstanding a population increase from approximately 19.9 million in 1970 to over 38 million by 2014.² Nevertheless, the state continues to face significant, and in many cases increasingly adverse educational and social equity challenges. As summarized in more detail below:

California's grade 9-12 dropout rates remain high and, contrary to national trends, the state's population of adults with less than a high school education significantly increased from 1970 and currently accounts for nearly 20% of the state's adults, second highest in the nation. The number of Americans with less than a high school education fell by over 23 million during 1970-2012, and rose in only four states: California, Nevada, Arizona and New Mexico. California's net increase—over 515,000 adults—was greater than the increase in the other three states combined (409,000).

The state's population of high school and community college graduates grew much slower than in the rest of the country, and the population of 4-year or more college educated adults barely kept pace with average national growth rates. In contrast, Texas, also a large, high-immigration state, has added high school and community college-level educated adults more rapidly than the national average since 1970, while the number of adults with less than a high school education declined.

Inequality has dramatically increased since 1970, when California's rate of inequality was 25th in the nation. By

2000, the state had the second worst income inequality in the country, trailing only New York. The state's inequality remained fourth worst in the nation (behind only New York, Connecticut and Louisiana) in 2013.

Income growth for all but the richest 20% of all California households was below the national average from the mid-1970s to the mid-2000s. Incomes for the richest 20% and 5% of all households rose much faster than in the rest of the country.

California continues to lead the country, and by some measures even the world, in environmental quality and climate change initiatives. But public policy must evolve to leverage these environmental achievements into corresponding improvements in educational attainment and middle class job creation.

Between 1970-2013, California's official poverty rate (which ignores cost of living differences in the U.S.) rose from less than 10% to over 16% of the population. In 2012, the U.S. Census Bureau developed a supplemental poverty measure that accounted for higher living costs in coastal locations such as California. The supplemental measure indicated that, during 2010-2012, nearly 9 million Californians, or about 24% of the state's population, was impoverished, by far the largest poverty rate in the country. Although California accounts for 12% of the U.S. population, the state has over 18% of the nation's poor.

California's capacity to generate new jobs has severely diminished over time. During 1970-1990, the state generated nearly 5.6 million new jobs and 14.5% of the total employment growth in the country although it accounted for less than 10% of the nation's population in 1970. From 1991-2013, the state produced 2.6 million new jobs, just 9.7% of the net U.S. employment growth, and well below the state's 12% share of the nation's population in 1990. Although the state's population rose by roughly similar amounts in 1970-1990 (9.8 million) and 1991-2013 (8.6 million), California was unable to generate even half the number of jobs during 1991-2013 than were created in 1970-1990.

Annual nonfarm employment growth averaged 3% in 1970-1990, well above the national average, but just 0.8% in 1991-2013, well below the national average. In contrast Texas, with 70% of California's population, produced over 4 million new jobs during 1991-2013, and Florida, with half of California's population, generated nearly the same number of new jobs as California (2.2 million). During 1991-2013, California more closely resembled historically slow growing northeastern and Midwest states than faster-growing regions of the U.S., especially in the southeast.

These data show that California needs to address significant, and growing social priorities, including significant improvement in adult educational rates at the high school and post-secondary level, increasing employment opportunities at a rate sufficient to serve past and forecast population growth, and reducing the state's inequality and very high poverty rates.

California continues to lead the world, and by some measures even the world, in environmental quality and climate change initiatives. But public policy must evolve to leverage these environmental achievements into corresponding improvements in educational attainment and middle class job creation. With more than 18% of the nation's poor, and less than 1%³ of global greenhouse gas emissions, California should also embrace the challenge of leading the world in the creation of middle class manufacturing jobs for the rapidly evolving clean and green technology that California's laws mandate, California's educational and technology sectors invent, and California's venture capital investors bring to the global market.

Instead, California's policies, and regulatory and legal costs and uncertainties, tend to divert thousands of middle class jobs even in emerging green industries (including those not requiring high school diplomas) to other locations, including the Tesla battery manufacturing facility, which moved to Nevada. The loss of projects that help achieve important environmental objectives, create high quality jobs, and comply with California's strict environmental and public health protection mandates, continues to occur in part because well-funded special interest groups ranging from business competitors to labor unions file "environmental" lawsuits as leverage for achieving narrow political or pecuniary objectives rather than to protect the environment and public health. This study suggests that the state must work much harder to ensure that California's landmark environmental laws are not misused or pursued in a manner that adversely affects other, equally important policy priorities for California's large undereducated and underemployed population.

Educational Achievement Has Declined

EDUCATIONAL ATTAINMENT

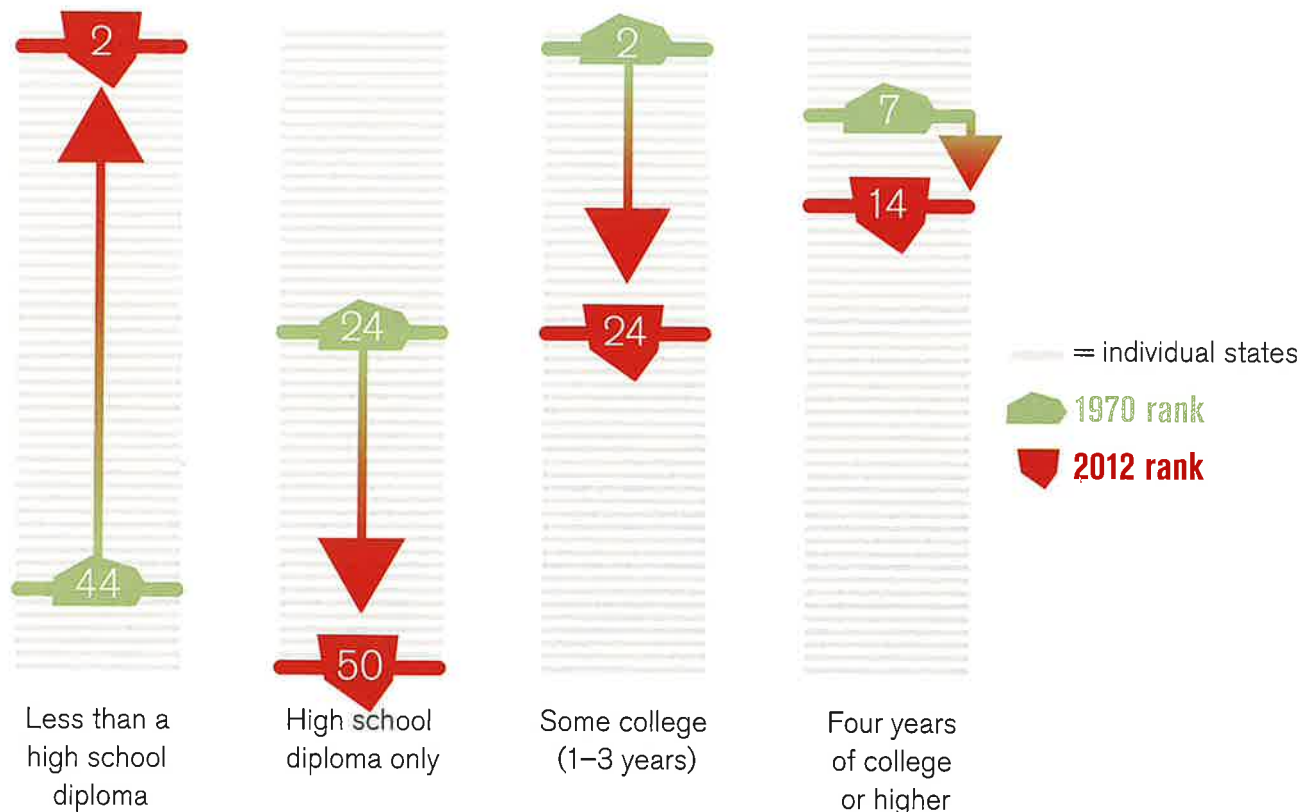
The U.S. Department of Agriculture maintains a database of educational achievement by county and state drawn from U.S. Census Bureau statistics that includes the period 1970-2012. The data show that in 1970 Californians were more educated than the average American: California had a much lower proportion of adults with less than a high school education, and a higher proportion of adults with college degrees, than the nation as a whole. As shown in Table 1, the

state, at that time, ranked near the top of all states in the percentage of the adult population that had completed some college or a college degree, and near the bottom for the percentage of the population with less a high school degree.

By 2012, however, these trends had largely reversed. Most notably, California had the 2nd highest percentage of adults with less than a high school education in the country, and had fallen to 14th in the percentage of adults with college degrees. Over the same period, California barely achieved the national rate of growth in college graduates, but the number of adults with high school or some college education increased more slowly than the national average (see Table 2).

Percentage of Adult Population by Educational Attainment California Rankings in 1970 and 2012

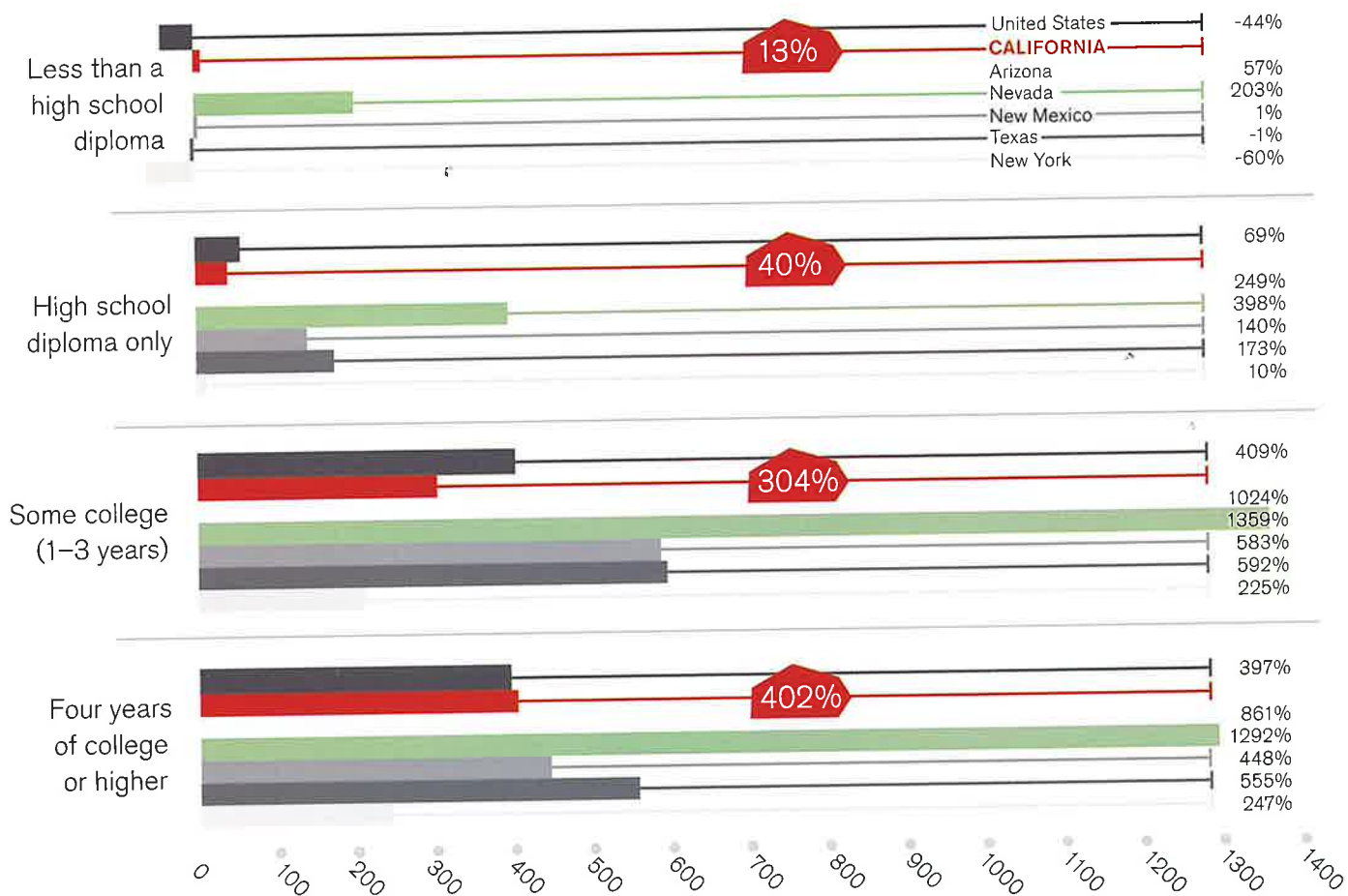
TABLE 1



Source: U.S. Department of Agriculture, Economic Research Service, [Educational attainment for the U.S., States, and Counties, 1970-2012](http://www.ers.usda.gov/dataFiles/CountyLevelDatasets/Education.xls) (last updated 7/15/2014). <http://www.ers.usda.gov/dataFiles/CountyLevelDatasets/Education.xls> (accessed January 2015). Data for 2012 is averaged for the period 2008-2012.

Percent Growth in Adult Population by Educational Attainment California and the United States, 1970 – 2012

TABLE 2



Source: U.S. Department of Agriculture, Economic Research Service, *Educational attainment for the U.S., States, and Counties, 1970-2012* (last updated 7/15/2014) <http://www.ers.usda.gov/dataFiles/CountyLevelDatasets/Education.xls> (accessed January 2015). Data for 2012 is averaged for the period 2008-2012.

The relative decrease in the state's educational attainment levels compared with the rest of the U.S. reflects the fact that, unlike all but four other states, the number of adults with less than a high school diploma actually increased over 13% (by over 515,000), while the national adult population with less than a high school degree declined by 23.2 million, a 44% reduction. The number of adults with less than a high school diploma rose in only three other states during 1970-2012—Nevada, Arizona and New Mexico—but California's net increase was much greater than the combined total in these states (409,000). The number of

adults with less than a high school diploma in Texas, like California, a large state with high immigration rates, fell by over 29,000 over this period.⁴

As shown in Tables 2 and 3, contrary to the overwhelming national trend, since 1970 California added a substantial number of adults with less than a high school education, added college graduates at about the same rate as the rest of the country, but the population of high school graduates and adults with community college (associate of arts) degrees and at least some college education lagged below the national average.

The least and most educated segments of the population grew disproportionately in California as compared with most other locations. The population of adults with a high school, community or some college, and four-year college education grew much more rapidly than in California and the U.S. overall in each of the other three states where the number of adults with less than a high school education also increased—Nevada, Arizona and New Mexico. This pattern of relatively slow expansion for high school and community college level graduates, which reasonably overlap with much of the nation's middle class population, is consistent with California's dramatic increase in income inequality, discussed further below. It also characterizes population changes in other high-in-

equality states, such as New York, where the number of lower educated residents dropped precipitously as the economy slowed and living costs remained high, and the number of more highly educated residents increased slower than the national average.

...since 1970 California added a substantial number of adults with less than a high school education, ...but the population of high school graduates and adults with community college (associate of arts) degrees and at least some college education lagged below the national average.

Growth in Adult Population by Educational Attainment California and the U.S., 1970–2012

TABLE 3

	Less than a high school diploma	High school diploma only	Some college or Associate's degree	Bachelor's degree or higher
United States	-23,193,493	23,548,801	47,593,594	46,487,756
CALIFORNIA	515,126	1,421,981	5,421,938	5,882,289
Arizona	220,263	722,722	1,301,150	990,083
Nevada	187,534	411,224	557,865	369,317
New Mexico	1,935	205,007	357,883	279,528
Texas	-29,447	2,528,320	3,941,688	3,507,332
New York	-2,950,609	328,509	2,248,156	3,057,371

Source:

U.S. Department of Agriculture, Economic Research Service, [Educational attainment for the U.S., States, and Counties, 1970-2012](http://www.ers.usda.gov/dataFiles/CountyLevelDatasets/Education.xls) (last updated 7/15/2014), <http://www.ers.usda.gov/dataFiles/CountyLevelDatasets/Education.xls> (accessed January 2015).

Data for 2012 is averaged for the period 2008-2012.

Inequality and Poverty Have Increased

INEQUALITY

On almost every available measure, inequality has dramatically increased in California over time and at a faster rate than in the U.S. as a whole. This reflects both recent data and the longer term historical trend. As shown in Figure 4, a comprehensive study using comparable measures of inequality for each state over 1970-2000 found that in 1970, income generated in California was more evenly distributed among the state's poorer and richer households than in the nation as whole. California ranked 25th, or at the middle of all states in income inequal-

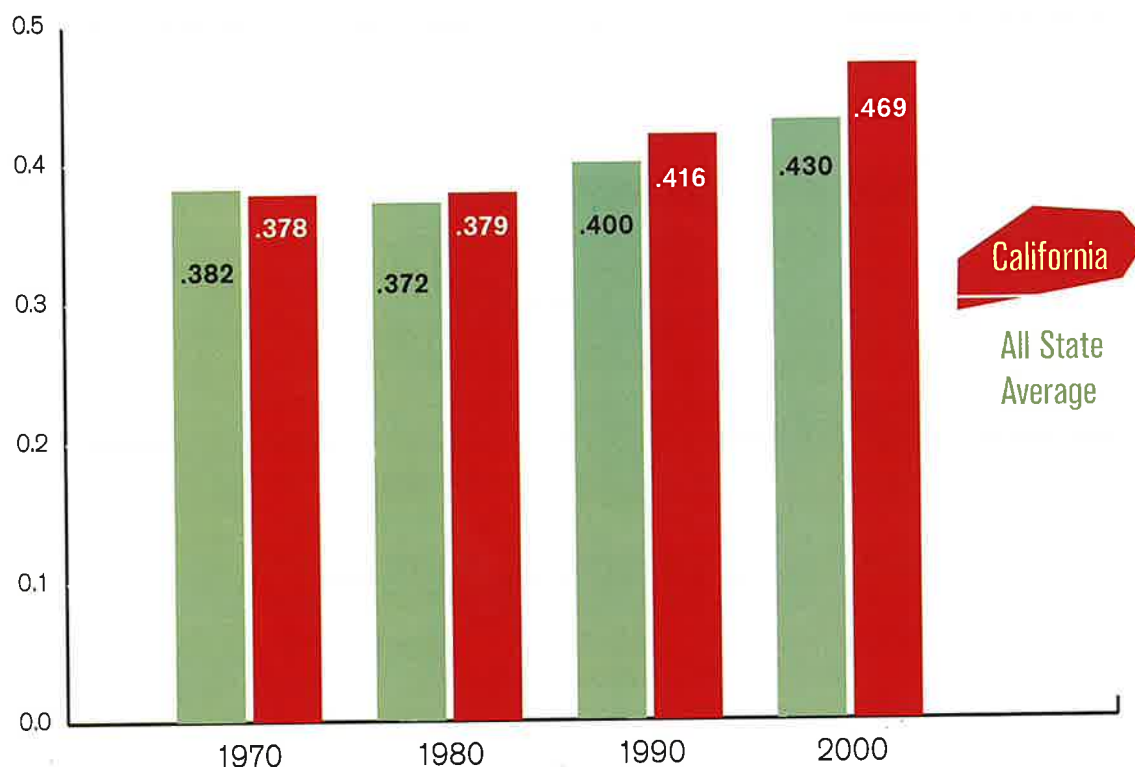
ity in 1970. By 2000, however, income inequity had grown dramatically in California, and the state ranked second in inequality only behind New York.

California also generated the fourth-highest increase in inequality during 1970-2000. As shown in Table 5, the Gini index for the state rose by more than 24% over this period, more than twice as fast as the average increase in all states. California's income inequality growth rate between 1970 and 2000 was exceeded only by Connecticut, New York, and Massachusetts.

California's dramatic reversal from a state with more income equality than other states to a state with among the most severe income inequality rates in the nation, is a trend that has continued

Gini Indices⁵ for California in relation to all U.S. State Average 1970-2012

TABLE 4



Source: Thomas Volscho, *Measures of Income Distribution in the United States, 1970-2000*, (CUNY 2009) <http://csivc.csi.cuny.edu/Thomas.Volscho/files/gini2.htm> (accessed January 2015).

TABLE 5

Percent of Increase in Inequality (Gini Index) Worst 10 States and All State Average 1970–2012

	Index Change
Connecticut	29.7%
New York	25.3%
Massachusetts	24.7%
CALIFORNIA	24.1%
New Jersey	23.9%
Illinois	19.9%
Pennsylvania	18.6%
Maine	18.4%
Rhode Island	18.4%
Michigan	18.3%
United States Average	11.99%

Source: Thomas Volscho, *Measures of Income Distribution in the United States, 1970-2000*, (CUNY 2009) <http://csivc.csi.cuny.edu/Thomas.Volscho/files/gini2.htm> (accessed January 2015).

past 2000 to the present, as confirmed by other studies.

In 2011, the U.S. Census Bureau analyzed state and local area inequality data using both a Gini index approach and also by comparing the ratio of incomes earned by the 90th percentile to the 10th percentile household and the 95th percentile to the 20th percentile household during 2005-2009. Under the ratio methodology, a high ratio indicates greater income inequality. As shown in Table 6, California's income inequality continued to exceed the national average for all three of these inequality measures during this period.

The Census Bureau also found that inequality rates in only 8 of 51 metropolitan areas with a population of greater than 1 million were higher than the national average during 2005-2009. Two of the 8 largest metropolitan areas with the worst inequality are the two largest regions in California: the Los Angeles-Long Beach-Santa Ana and San Francisco-Oakland-Fremont regions.⁶ California's disproportionately high rate of inequality has persisted in recent years. The Census Bureau's estimates for 2013 indicate that the state suffers the fourth worst inequality in the nation, exceeded only by New York, Connecticut, and Louisiana.⁷

Income data developed by the labor-aligned Center on Budget and Policy Priorities and the Economic Policy Institute show that, despite the state's high cost of living, poorer and middle class incomes in Californian increased less than in other parts of the country from the late 1970s to 2008-2010. As shown in Table 7, incomes grew much more slowly for the poorest and middle 20% of the state's population over this period

TABLE 6


California & U.S. Average for three Inequality Measures American Community Survey Report, 2005–2009

	Gini Index	Ratio of 90th to 10th Percentile Income	Ratio of 95th to 20th Percentile Income
United States	0.467	11.25	8.24
CALIFORNIA	0.469	11.4	8.70

Source: U.S. Census Bureau American Community Survey Report, *U.S. Neighborhood Income Inequality in the 2005–2009 Period*, Table 3 (October 2011), <http://www.census.gov/prod/2011pubs/acs-16.pdf> (accessed January 2015).

Income Growth by Household Group, California and the United States 1977–1979 to 2008–2010

TABLE 7

	Poorest 20%	Middle 20%	Richest 20%	Richest 5%
United States	7%	26.90%	70.90%	114.10%
CALIFORNIA 	3.10%	19.60%	74.60%	122%
Difference from U.S.	-55.07%	-27.14%	5.22%	6.92%

Source:

Center on Budget and Policy Priorities and the Economic Policy Institute, *Pulling Apart: Income Inequality Has Grown In California*, <http://www.cbpp.org/files/pullingapart2012/California.pdf>
Pulling Apart: Income Inequality Has Grown In the United States, http://www.cbpp.org/files/pullingapart2012/United_States.pdf, (accessed January 2015), using post-federal tax income and including the value of the earned income tax credit, food stamps and housing subsidies adjusted for inflation (to 2009 dollars) and for household size.

than in the rest of the United States. Income growth for the richest 20% and especially 5%, however, outperformed the national average.

As shown in Table 8, the Center on Budget and Policy Priorities and the Economic Policy Institute analysis also indicates that in 2008-2010, incomes of California's poorest and middle 20th percentile households were actually lower than the U.S. average (despite much

higher living costs). Incomes for California's richest households, however, were over \$40,000 higher than the national average.

Overall, California's inequality ranking ranged from 6th to 2nd worst of all states in several of this study's conclusions, including the dramatic increase in inequality since the 1977-1979 period, and the very high level of inequality in 2008-2010 (see Table 9).

California and the United States Household Group Income, 2008–2010

TABLE 8

	Poorest 20%	Middle 20%	Richest 5%
United States	\$20,500	\$60,100	\$272,000
CALIFORNIA 	\$19,400	\$59,900	\$315,600
Difference from U.S.	-\$1,100	-\$200	\$43,600

Source:

Center on Budget and Policy Priorities and the Economic Policy Institute, *Pulling Apart: Income Inequality Has Grown In California*, <http://www.cbpp.org/files/pullingapart2012/California.pdf>
Pulling Apart: Income Inequality Has Grown In the United States, http://www.cbpp.org/files/pullingapart2012/United_States.pdf, (accessed January 2015), using post-federal tax income and including the value of the earned income tax credit, food stamps and housing subsidies adjusted for inflation (to 2009 dollars) and for household size.

POVERTY RATES

TABLE 9

Poverty rates have conventionally been measured without considering cost of living. This approach missed the differences between locations like California or New York (where average housing and many other expenses are much higher than the national average), and those states with lower priced housing and other major costs.

Without taking into account these higher living costs, the percentage of Californians living in poverty was much lower than the national rate (about 9% versus 13%) in 1970, and remained lower until the late 1980s.

That trend reversed, and since about 1990--without taking into account California's higher cost of living--California's

Worst States for Inequality Selected Measures, 1977-1979 and 2008-2010

- Greatest increases in income inequality between **top** and **bottom**, late 1970s to mid- 2000s
- Greatest increases in income inequality between **top** and **middle**, late 1970s to mid- 2000s
- Greatest increases in income inequality between **top** and **bottom**, late 2000s
- Greatest increases in income inequality between **top** and **middle**, late 2000s

California Rank

6th

2nd

3rd

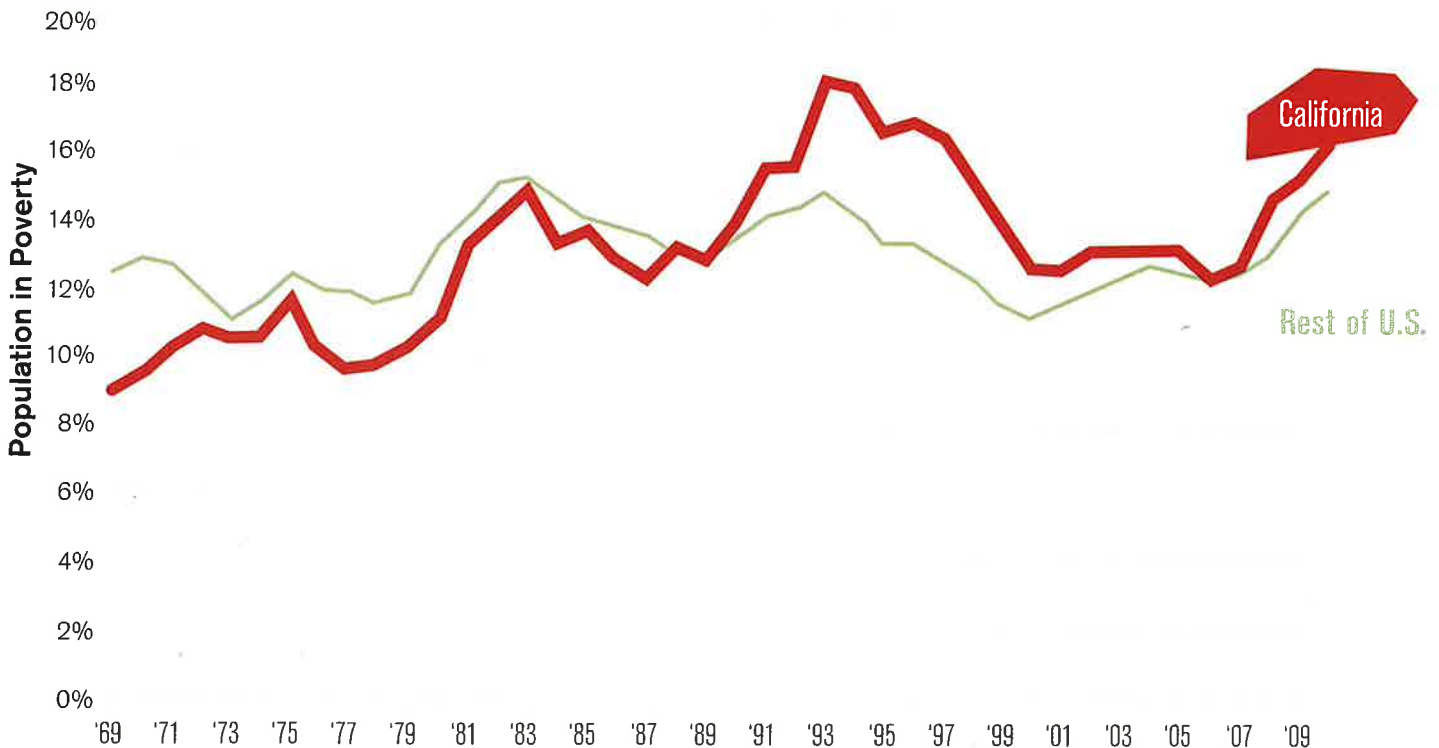
2nd

Source: Center on Budget and Policy Priorities and the Economic Policy Institute,

poverty rate has consistently been much higher than the national rate in almost every year. Currently, the conventional

California and U.S. Poverty Rates from U.S. Current Population Survey, 1969-2010

TABLE 10



Source: LegiSchool Project, California State University, Sacramento and the California State Legislature, **Poverty in California**, (February 13 2013) data prepared by the Public Policy Institute of California (December 2011), http://www.csus.edu/calst/legischool/online%20materials/FEB_Guide.pdf (accessed January 2015).

TABLE 11

California & U.S. Poverty Rates using Conventional and Supplemental Cost of Living, Adjusted Measures 2010–2012

	Standard Measure	Cost of Living Adjusted Measure
United States	15.1%	16.0%
CALIFORNIA	16.5%	23.8%

Source:

Kathleen Short: *The Research- Supplemental Poverty Measure: 2012* U.S. Census Bureau Current Population Reports (November 2013), Table 4: number and percentage of people in poverty by state using 3-year averages over 2010, 2011, and 2012, <http://www.census.gov/prod/2013pubs/p60-247.pdf> (accessed January 2015).

estimation approach indicates that about 16% of Californians currently live in poverty (see Figure 9).

In 2013, the U.S. Census Bureau published a study of poverty rates that included a supplemental measure accounting for cost of living differentials in various locations. Overall poverty rates slightly increased in the U.S. as a whole using the supplemental measure but dramatically rose in California due to the

TABLE 12

California & U.S. Population Living in Poverty using Conventional and Supplemental Cost of Living Adjusted Measures 2010–2012

	Standard Measure	Cost of Living Adjusted Measure
United States	46,783,000	49,380,000
CALIFORNIA	6,202,000	8,952,000
Percent of U.S. Total in CA	15.1%	16.0%

Source:

Kathleen Short: *The Research- Supplemental Poverty Measure: 2012* U.S. Census Bureau Current Population Reports (November 2013), Table 4: number and percentage of people in poverty by state using 3-year averages over 2010, 2011, and 2012, <http://www.census.gov/prod/2013pubs/p60-247.pdf> (accessed January 2015).

state's higher costs of living compared with most other locations. As shown in Table 11, when the state's cost of living is considered in the poverty analysis, nearly 24% of the California population is living in poverty. No other state has a poverty rate above 20% using the Census Bureau's supplemental measure.




As shown in Table 12, California accounts for a disproportionate share of the nation's population living in poverty with and without taking into account the state's higher cost of living. When cost of living differentials are considered, over 18% of all impoverished individuals in the United States are located in California.

According to a recent Council of Economic Advisers report, the nation's official poverty rate, which does not include adjustments for cost of living, fell from about 22.4% in 1959 to 15.1% in 2012, the period of time that roughly corresponds with the national "War on Poverty" declared by president Lyndon Johnson in 1964.⁸ California's poverty rate, however, increased from 9% to 16% during 1969 to 2012 using the official statistical methodology, and by far more under the supplemental approach. The "war on poverty" has been much less effective in the state than in the nation as a whole.

Employment Opportunities

California's increasing inequality and poverty challenges since the 1970s are reflected in large part by the state's inability to generate employment opportunities for its resident population. During 1970-1990, more than 5.5 million new jobs were generated as the population increased by 9.8 million. As shown in Table 13, however, from 1991-2013 the state population grew by 8.6 million, but only 2.6 million new jobs were produced.

California Employment and Population Growth 1970–1990 and 1991–2013

	1970–1990	1991–2013
Nonfarm Employment Growth	5,592,500 	2,608,700
Population Increase	9,788,952 	8,572,500
Ratio of new jobs to new population	0.57 	0.30

Source:

U.S. Census Bureau, *Intercensal Estimates of the Total Resident Population of States: 1970 to 1980*, <http://www.census.gov/popest/data/state/asrh/1980s/tables/st7080ts.txt> and *Annual Estimates of the Resident Population for the United States, Regions, States, and Puerto Rico: April 1, 2010 to July 1, 2014*, <http://www.census.gov/popest/data/state/totals/2014/index.html> (accessed January 2015); U.S. Bureau of Labor Statistics, *Annual Average Nonfarm Employment (not seasonally adjusted)*, <http://www.bls.gov/data/> (Accessed January 2015).

Like New York, where employment and job growth increased from generally low average rates since 1991, some of the state's new jobs reflect federal monetary easing policies that have boosted stock and other asset values and increased wealth and spending in locations with wealthier populations, especially in the San Francisco and New York metropolitan areas. During 2009–2013, Texas still generated more jobs, and created employment opportunities more rapidly, than California and at more than double the rate in New York.

*Since the end of the recession,
California's job growth has
improved relative to the rest of the
United States, but still remains
far below the rates achieved
during 1970–1990*

While 0.6 jobs were created for each new resident in 1970–1990, just 0.3 jobs were created for each new resident in 1991–2013.

As shown in Table 14, California generated more jobs than any other state during 1970–1990 by a wide margin, and also accounted for a disproportionately large share (14.5%) of total U.S. employment growth relative to the state's population (just under 10% of the nation in 1970). Average annual job growth (3%) was also much higher than in the U.S. as a whole and comparable with faster growing Washington and southeastern (Texas, Florida, Georgia and Virginia) states. California also significantly outperformed northeastern (New York, Massachusetts) and Midwest (Illinois, Michigan) states.

During 1991–2013, however, the state's capacity to generate employment underwent a major transformation as California underperformed the nation, and more closely resembled the historically slower-growing economies in the nation's Midwest and northeast. Texas, which has about 70% of California's population, generated almost double the number of new jobs; Florida, with about half of California's population, almost matched California's employment growth. As shown in Table 15, the state's annual average employment was just 0.8% during 1991–2013, and the state accounted for much lower share of the nation's new jobs (9.5%) than relative to its population (12% of the nation in 1990).

Since the end of the recession, California's job growth has improved relative to the rest of the United States, but still remains far below the rates achieved during 1970–1990 (see Table 16). In most instances, California's apparent improvement reflects the recession's adverse effects on other state economies and low employment growth in the nation overall.

TABLE 14

California, Selected State and National Employment Growth 1970–1990

	Nonfarm Employment growth (millions)	Annual Average Growth Rate
CALIFORNIA	5,593	3.0%
Texas	3,474	3.4%
Florida	3,211	4.7%
Georgia	1,469	3.4%
Virginia	1,376	3.3%
Washington	1,068	3.5%
New York	1,047	0.7%
Michigan	947	1.4%
Illinois	942	1.0%
Arizona	936	5.2%
Massachusetts	744	1.5%
USA	38,521	2.2%
California Share of U.S. New Jobs	14.5%	

California job growth particularly lags far below the national average in manufacturing, and the state’s regulatory system is consistently rated as the worst in the country for business development. In 2010-2014, the state added only 4,400 manufacturing jobs compared with 672,000 new jobs in the rest of the country.⁹ Manufacturing jobs provide some of the highest income opportunities for less educated workers than other working and middle class employment options. In January 2015, for example, the Los Angeles Times reported that the state’s relatively poor manufacturing employment growth since 2010 (1% versus 6.7% for the U.S., and 15% in many states, such as Indiana and South Carolina) hurts California’s middle-class workforce because manufacturing is “the classic path to higher paying jobs for less-educated workers.”¹⁰ The state’s diminishing ability to sustain quality middle class employment options is consistent with the increases in poverty, inequality and relatively slow growth of high school and community college educated residents California has experienced since 1970.

Source:
U.S. Bureau of Labor Statistics, Annual Average Nonfarm Employment (not seasonally adjusted), <http://www.bls.gov/data/> (Accessed January 2015).

California job growth particularly lags far below the national average in manufacturing, and the state’s regulatory system is consistently rated as the worst in the country for business development.



TABLE 15

California, Selected State and National Employment Growth 1991–2013

	Nonfarm Employment growth (millions)	Annual Average Growth Rate
Texas	4,091	2.0
CALIFORNIA	2,609	0.8%
Florida	2,216	1.5%
Arizona	1,032	2.4%
Georgia	1,007	1.3%
Virginia	870	1.2%
Washington	840	1.5%
New York	705	0.4%
Illinois	509	0.4%
Massachusetts	369	0.5%
Michigan	158	0.2%
USA	26,841	1.0%
California Share of U.S. New Jobs	9.7%	

Source: U.S. Bureau of Labor Statistics, Annual Average Nonfarm Employment (not seasonally adjusted), <http://www.bls.gov/data/> (Accessed January 2015).

TABLE 16

California, Selected State and National Employment Growth 2009–2013

	Employment (1000s)	Percent
Arizona	83	0.9%
CALIFORNIA	776	1.3%
Florida	347	1.2%
Georgia	133	0.8%
Illinois	140	0.6%
Massachusetts	151	1.2%
Michigan	234	1.5%
Nevada	27	0.6%
New York	363	1.0%
Texas	886	2.1%
Virginia	111	0.8%
Washington	124	1.1%
USA	5,135	1.0%

Source: U.S. Bureau of Labor Statistics, Annual Average Nonfarm Employment (not seasonally adjusted), <http://www.bls.gov/data/> (Accessed January 2015).



Conclusion

California's most significant regulatory expansion, particularly to protect the environment, occurred since 1970 when the state enacted the landmark California Environmental Quality Act (CEQA). CEQA and other initiatives made significant contributions to preserving and enhancing the state's natural resources, and protecting public health, in subsequent years. At the same time, however, the evidence summarized in this report indicates that California has much less successfully addressed major social priorities, including education, reducing and eliminating poverty, fostering a society where all residents (not just the most wealthy) can prosper, and generating sufficient employment opportunities to meet the needs of its growing population. In many respects the state is increasingly bifurcated between a population that is less educated and impoverished at one extreme, and highly educated, more affluent at the other.

As shown by the relatively low rate of high school and community college level-educated population growth, and California's striking inability to participate in the more recent national manufacturing boom, the state's middle-class economy and population base state is evaporating. Spurred by high housing, fuel and other costs, and increasingly limited employment options, nearly 3.8 million Californians—approximately the population of Oregon or Oklahoma—moved to other states in 1990-2010.¹¹ This historically unprecedented net domestic migration from California intensified the state's already significant trends towards more restricted economic opportunity, skyrocketing inequality and disproportionately large poverty rate.


There is little doubt that California's high costs and weak economic performance is related to the state's regulatory requirements. In recent years, California consistently is ranked at or near the bottom of most business climate surveys and polls, and project permit delays and costs due to CEQA lawsuit risks and other regulatory burdens have emerged as well-publicized major roadblocks to completing even the most popular entertainment or sports projects, long overdue infrastructure improvements, and manufacturing plants.¹² At least part of the response to the state's social priorities must involve reforms that eliminate regulatory requirements and legal risks that do little to protect the environment, but instead elevate the desires of often well-funded special interest groups above other critical needs, such as fostering middle and working-class jobs that can alleviate poverty and reduce inequality.

California's social challenges also adversely affect the state's most important environmental objectives, including climate change. California is attempting to force new, green technologies in a host of sectors, but the jobs and population stimulated by state policies are increasingly likely to develop outside of the state. The most troubling example is Tesla, an electric car pioneer largely supported by California's aggressive zero emissions credit policies and financial incentives. Despite a significant effort to induce the firm to build a \$5 billion, 6,500-job battery plant in the state, including proposed partial legislative exemptions from CEQA, Tesla chose Nevada based in part on continued concerns that environmental lawsuits would delay the facility's construction and operation.¹³ Producers of today's rapidly-evolving technologies cannot assume the business risk of indef-

inite delays and nearly 50% lawsuit risk created by CEQA.

As Tesla and other companies increasingly direct investment and jobs, even of the green variety elsewhere, and the middle class relocates to other states in record numbers, California may also inadvertently undermine its most significant greenhouse gas reduction goals. The state has one of the lowest per capita rates of greenhouse gas emissions in the nation-- 11.4 metric tons of carbon dioxide equivalents per person, or about half the U.S. rate.¹⁴ On average, the net movement of 3.8 million Californians to other states that occurred in 1990-2010 doubled the per capita greenhouse gas emissions for the relocated population. The greenhouse gas emission increases produced by the relocated population, in fact, is almost exactly the same as the state's 2020 emission reduction target.¹⁵ The same forces that deepened poverty and inequality in California also stimulated domestic migration patterns that, ironically enough, almost completely

offset the state's anticipated greenhouse gas reductions.

Activists in California frequently decry what they characterize as a "false choice" between economic prosperity and environmental protection. Yet the true "false choice" may be suggesting that important climate change and other regulatory objectives can be achieved by the state without also stimulating a full-spectrum economy. The evidence indicates that California needs to focus just as much energy on alleviating poverty and inequality, and stimulating higher paying manufacturing and other middle class jobs that increase social mobility, as reducing emissions and protecting natural resources. Absent such an effort, not only will options for improving the lives of the state's poorer and less educated population become increasingly limited, but economic and population displacement will erode, and potentially reverse the state's climate change and other global environmental aspirations. 



1. David Friedman and Jennifer Hernandez are attorneys in the California environmental and land use practice group of Holland & Knight LLC, an international law firm. The practice group periodically publishes analyses of California legal and policy data in support of its continued study of the use, and abuse, of the California Environmental Quality Act of 1970, which allows anyone (even anonymous entities, and entities seeking to advance non-environmental objectives) to file a lawsuit alleging inadequate environmental evaluation of any type of project requiring a discretionary approval from any state, regional or local agency. As confirmed by several research studies including those completed by the firm, California courts have upheld approximately half of such lawsuit challenges in reported appellate court cases decided over the past 15 years, most commonly ordering reversal of project approvals pending further environmental studies. The delays and uncertainties caused by CEQA litigation abuse against environmentally benign or even beneficial projects have prompted repeated calls for CEQA reform by California's elected leaders, but meaningful reform faces fierce opposition from entrenched special interests.
2. 1970 population estimates from U.S. Census Bureau, *Intercensal Estimates of the Total Resident Population of States: 1970 to 1980*, <http://www.census.gov/popest/data/state/asrh/1980s/tables/st7080ts.txt> (accessed January 2015); 2014 estimates from U.S. Census Bureau, *Annual Estimates of the Resident Population for the United States, Regions, States, and Puerto Rico: April 1, 2010 to July 1, 2014*, <http://www.census.gov/popest/data/state/totals/2014/index.html> (accessed January 2015).
3. World Resources Institute CAIT 2.0 database for 1990-2011, total reported emissions excluding potential forestry and land use-related reductions, (<http://cait2.wri.org> accessed September 2014).
4. U.S. Department of Agriculture, Economic Research Service, *Educational attainment for the U.S., States, and Counties, 1970-2012* (last updated 7/15/2014), <http://www.ers.usda.gov/dataFiles/CountyLevelDatasets/Education.xls> (accessed January 2015).
5. The Gini index (named after the professor who created the index) measures the distribution of income in an economy. A Gini index value of 1.0 means that all available income is retained by a single individual. A lower Gini index value means that the income is spread more broadly through the population. Higher Gini values represent greater income inequity levels, and lower values represent less income inequity. <http://csivc.csi.cuny.edu/Thomas.Volscho/files/gini2.htm> (accessed January 2015)
6. U.S. Census Bureau American Community Survey Report, *U.S. Neighborhood Income Inequality in the 2005-2009 Period*, Table 4 (October 2011), <http://www.census.gov/prod/2011pubs/acs-16.pdf> (accessed January 2015).
7. U.S. Census Bureau American Community Survey Briefs, *Household Income: 2013* (September 2014) <http://www.census.gov/content/dam/Census/library/publications/2014/acs/acsbr13-02.pdf> (accessed February 2015).
8. The Council of Economic Advisers, *The War On Poverty 50 Years Later: A Progress Report*, (January 2014), http://www.whitehouse.gov/sites/default/files/docs/50th_anniversary_cea_report_-_final_post_embargo.pdf (accessed February 2015).
9. John Husing, Chief Economist, Inland Empire Economic Development *California's war on the poor*, California Poverty Conference Presentation (2014).
10. Chris Kirkham, *Manufacturing slower to grow in California than elsewhere in U.S.*, Los Angeles Times (January 20, 2015) <http://www.latimes.com/business/la-fi-california-manufacturing-20150120-story.html#page=1> (accessed February 2015).

11. Tom Gray & Robert Scardamalia, *The Great California Exodus: A Closer Look*, Manhattan Institute for Public Policy, Table 2 (September 2012).
12. John Husing, Chief Economist, Inland Empire Economic Development *California's war on the poor*, California Poverty Conference Presentation (2014).
13. Tesla, an electric car pioneer largely supported by state policies, recently located a pioneering \$5 billion battery factory in Nevada rather than California, largely due to regulatory risks and costs. Nevada has a higher per capita emissions rate than California, and the 6,500 employees that will work in the new factory will produce 18,000 metric tons of additional greenhouse gas per year than if the business was located in the state. Marc Lifsher, *California Legislature fails to reach a deal on Tesla battery factory*, Los Angeles Times, August 31, 2014, and *California may waive environmental rules for Tesla battery factory* Los Angeles Times, August 12, 2014.
14. World Resources Institute CAIT 2.0 database for 1990-2011, total reported emissions excluding potential forestry and land use-related reductions, (<http://cait2.wri.org> accessed September 2014).
15. The 3.8 million person out-migration during 1990-2010 moved former residents to states that, on average, generate twice the per capita amount of greenhouse gas than in California (11.4 metric tons per capita in California versus 22.3 metric tons per capita in the rest of the U.S.). The net emission increase associated with this population shift—about 41,714,614 metric tons of additional greenhouse gas per year—almost completely offsets the state's 2020 emission reduction objective. See CARB, *Climate Change Scoping Plan* (December 2008), p. 12.

Design Notes

California's Social Priorities and the graphics utilize the following:

To achieve visual harmony a modified version of the grid Jan Tschichold conceived for his book *Typographie* was employed.

MINION PRO Chapman's serif family, is a digital typeface designed by Robert Slimbach in 1990 for Adobe Systems. The name comes from the traditional naming system for type sizes, in which minion is between nonpareil and brevier. It is inspired by late Renaissance-era type.

BERTHOLD AKIZEDENZ GROTESK is Chapman's sans serif family. It is a grotesque typeface originally released by the Berthold Type Foundry in 1896 under the name Accidenz-Grotesk. It was the first sans serif typeface to be widely used and influenced many later neo-grotesque typefaces after 1950.

Page 6: California Poppies

Copyright: www.123rf.com/12420829

Page 19, Inside Front cover and Inside Back Cover: Los Angeles at night with urban buildings

Copyright: www.123rf.com/profile_SongquanDeng

Page 21: Old industrial building

Copyright: www.123rf.com/profile_lq75

Front and Back Cover: California State Seal stained glass window. Capitol building, Sacramento, CA.

Photographer: Eric Chimenti

Book exterior and interior design by Chapman University professor Eric Chimenti. His work has won a Gold Advertising Award, been selected for inclusion into *LogoLounge: Master Library, Volume 2* and *LogoLounge Book 9*, and been featured on *visual.ly*, the world's largest community of infographics and data visualization. He has 17 years of experience in the communication design industry. To view a client list and see additional samples please visit www.behance.net/ericchimenti.



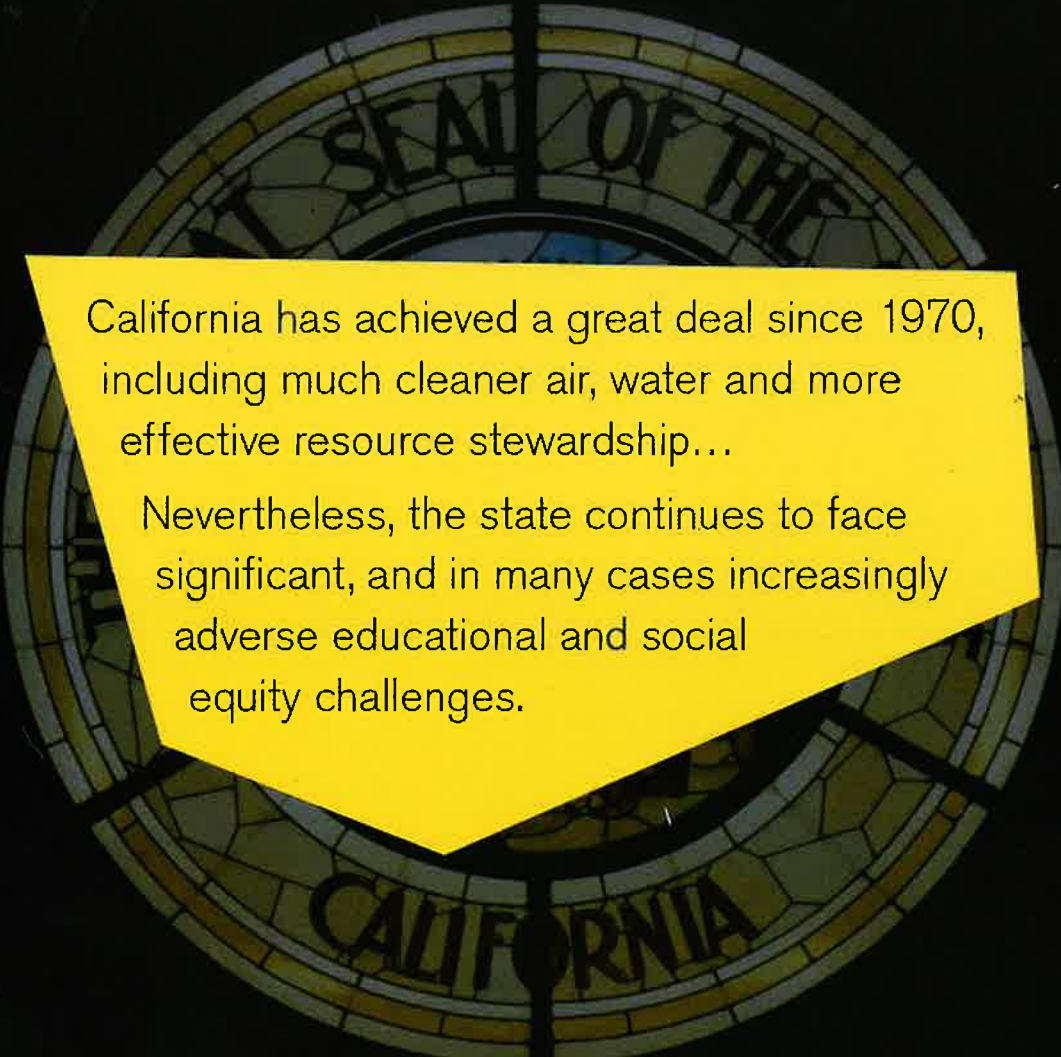
CHAPMAN
UNIVERSITY

WILKINSON COLLEGE
of Humanities and Social Sciences

IDEATION LAB

Professor Chimenti is also the founder and head of Chapman's **Ideation Lab** that supports undergraduate and faculty research by providing creative visualization and presentation support from appropriately qualified Chapman University undergraduate students. Services include creative writing, video, photography, data visualization, and all aspects of design. The students specialize in the design and presentation of complex communication problems.



The background of the page features a large, circular, mosaic-style seal of the State of California. The seal is composed of many small, irregular tiles in shades of grey, yellow, and black. The words "SEAL OF THE" are visible at the top, and "CALIFORNIA" is visible at the bottom. The seal is centered on the page.

California has achieved a great deal since 1970, including much cleaner air, water and more effective resource stewardship...

Nevertheless, the state continues to face significant, and in many cases increasingly adverse educational and social equity challenges.



CHAPMAN
UNIVERSITY
PRESS