CALIFORNIA
FEUDALISM
THE SQUEEZE ON THE MIDDLE CLASS
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by
Joel Kotkin and Marshall Toplansky

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2018
“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.

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THE GREAT MIDDLE-CLASS SQUEEZE

“From the Beginning, California promised much. While yet barely a name on the map, it entered American awareness as a symbol of renewal. It was a final frontier: of geography and of expectation.”


EXECUTIVE SUMMARY

California was built by people with aspirations, many of them lacking cultural polish or elite educations, but dedicated to hard work, innovation, family and community. A large number came from other countries or poor backgrounds: sharecroppers from the South, campesinos from Mexico, people fleeing communism and poverty in Asia, escapees from Hitler’s Europe or Okies and others fleeing the dust bowl.

This proud legacy is threatened. California has now taken on an increasingly feudal cast, with a small but growing group of the ultra-rich, a diminishing middle class, and a large, rising segment of the population that is in or near poverty. Indeed, amidst some of the greatest accumulations of wealth in history, California has emerged as a leader in poverty, particularly among its minority and immigrant populations and throughout its interior.

Something is clearly wrong with this picture. Yet our state leaders, and too many of our business and civic leaders, are convinced that California, far from being something of a cautionary tale, offers a great “role model” for the rest of the country. The state’s drift towards an ever more unequal, feudalized society, characterized by concentrated property ownership, persistent poverty levels, and demographic stagnation does not seem to concern our Sacramento leadership.

What needs to change? If we want to again be a place of opportunity for all, we need to dial down California’s increasingly expensive, messianic land use and climate change policies, which have dramatically increased housing and energy costs, forcing individuals and companies elsewhere. This will allow us to develop more housing and middle-class jobs, especially in more affordable areas such as the Central Valley and the Inland Empire. A dramatic reform of our education system, which undererves our next generation, particularly in poor and minority communities, needs to be enacted. Other steps, like investing in basic infrastructure—roads, dams, electric transmission—could boost the flagging blue collar economy of the state.

“California has now taken on an increasingly feudal cast, with a small but growing group of the ultra-rich, a diminishing middle class, and a large, rising segment of the population that is in or near poverty”
California’s Recent Evolution

California’s economic diversity, which spans agriculture, home-building, aerospace, entertainment and tech, has long provided enormous opportunities for a broad range of residents. Even as recently as the 1996-2006 period, California job creation was well-distributed in terms of regions, job types and incomes. The recovery after the great recession, which hit California more profoundly than it did the rest of the country,

(Figure 1) The Bay Area became California’s engine of employment growth from 2007-17, growing at twice the state’s average. In the decade prior to that, which included the “Dot Com/Tech Wreck”, it grew at one-fifth the level of the rest of the state.

created a far more narrow, weak, and geographically constrained economy² (Figure 1).

Today California’s economy is dominated by a handful of Bay Area tech firms that have expanded at one of the most dynamic paces in economic history. Most of these companies are in a relatively constrained geography along the San Francisco Peninsula. Together, these tech firms—Apple, Netflix, Facebook, Google—along with Microsoft and Amazon, have achieved a combined net worth equal to one-quarter of the NASDAQ and equal to the GDP of France. The S&P 500, the broad index of stocks, has a total market capitalization of approximately $24.2 trillion slightly more than the GDP of the country. They represent 15% of the entire S&P 500 companies’ market capitalization.³

This has been a heady period for the Bay Area, with San Jose and San Francisco boasting the first and third highest average per capita income in the country.¹ Between 2007 and 2016, according to an analysis of Bureau of Labor Statistics data, the Bay Area created 200,000 jobs that paid better than $70,000 annually. Yet during that same period, high wage jobs dropped in Southern California and statewide; simply put, the Bay Area replaced the high wage jobs lost in the recession while the rest of the state did not⁵ (Figure 2).

Part of the problem has been big losses in blue collar jobs, critical to the state’s working class. California lost 423,700 manufacturing jobs between 1991 and 2016. Such jobs pay significantly better than the retail and service industry jobs that have characterized the post-recession growth.⁶ Minimum or near minimum wage jobs in 2015-6 accounted for almost two thirds of the state’s new job growth, notes the state’s Business Roundtable.⁷ These problems have arisen in “boom times,” so we should be particularly concerned about what will happen if, as appears likely, the economy slows.⁸ By late 2017 California’s GDP growth rate, once well above the national average, was beginning to fall below it.⁹ Growth in high wage sectors like professional and business services is now slower in Silicon Valley and San
Francisco than in boomtowns such as Nashville, Dallas-Fort Worth, Austin, Orlando, San Antonio, Salt Lake City, and Charlotte (Figure 3). Most California metros, including Los Angeles, fell in the bottom half of the rankings.¹⁰

The Geography of California’s New Feudal Order

California over the past decade has created great, perhaps even unprecedented wealth, but it has done so in a way that has offered few benefits to the middle and working classes. Under Governor Jerry Brown’s father, the late Governor Edmund G. Brown, California emerged as a simultaneously capitalist and admirably social democratic society. Brown’s biographer, Ethan Rarick, described his leadership as having made the twentieth century into “The California Century,” with our state providing “the template of American life.” There was an ‘American Dream’ across the nation, he noted, but here we had the ‘California Dream.’¹¹

Today’s state agenda is turning the dream into something of a nightmare. California now suffers one of the highest (Figure 3) 4 of 10 Lowest Income MSAs in the US Located in California Interior

(Figure 4) Prior to July 2017, California’s GDP Generally Faster Than The Nation. That Gap Has Closed, and Now Has a Slower Growth Rate than the Country

Sources: Bureau of Economic Analysis, U.S. Department of Commerce, updated July 24, 2018
GINI rates — the ratio between the wealthiest and the poorest — among the states, and the inequality is growing faster than in almost any state outside the Northeast, according to liberal economist James Galbraith. America may be among the least egalitarian nations in the world, but California is becoming markedly more so now (Figure 4, 8). Its level of inequality is higher than that of Mexico, and closer to that of Central American banana republics like Guatemala and Honduras than it is to developed states like Canada and Norway.

The state’s interior, as well as its far flung exurban and rural areas, have been especially vulnerable. Inland Empire economist John Husing suggests that the state’s green policies have placed it “at war” with home building, energy, agriculture and manufacturing. This is particularly important in regions where many residents lack a college education. Educational achievement scoring by Wallet Hub shows that five inland areas, plus agriculturally oriented Salinas, rank among the 13 lowest out of 150 metro areas in the country. Unlike the far better-educated Bay Area, these regions have not built up jobs, information or business services that could replace the lost blue-collar positions.

The shift in the economy has created a vast swath of poverty across portions of the state. The Inland Empire — with a population of four million, nearly as many people as metropolitan Boston — suffers among the highest poverty rates of any of the nation’s 25 largest metropolitan areas. Among 229 metropolitan areas, notes a Pew study, three of the ten metropolitan areas with the lowest incomes in California’s interior — Fresno, Merced, Visalia-Porterville and El Centro. Pew also found that three of the ten metropolitan areas with the highest proportion of low-income adults were also in the California’s interior (Figure 2).

The contrasts between the state’s regions are breathtaking. Eight of the 21 US counties with the largest number of households with incomes over $200,000 are in California. Yet, California is also home to a remarkable 77 of the country’s 297 most “economically challenged” cities, according to a scoring of poverty and employment data by the National Resource Network. Los Angeles, by far the state’s largest metropolitan area, has the among the highest poverty rates of major US metros.

Poverty and the lack of opportunity are greatest in California’s interior, but the problem is also substantial within affluent coastal counties. In the last decade, according to the Brookings Institution, among the nation’s large cities inequality grew most rapidly in San Francisco; Sacramento ranked fourth. According to a recent study by the California Budget Center, San Francisco ranks first in California for economic inequality; average income of the top 1% of households in the city averages $3.6 million, 44 times the average income of the bottom 99%, which stands at $81,094.

The most fundamental threat to the
middle class in California is the state’s extremely high cost of living, which has largely been caused by unprecedented house price increases relative to household incomes. More than 80% of the higher cost of living in California is the result of higher housing costs.24

California, adjusted for costs, has the overall highest poverty rate in the country, according to the US Census Bureau25 (Figure 6). A recent United Way study showed that close to one in three of the state’s families are barely able to pay their bills.26 Fully one in three welfare recipients in the nation live in California, which is home to barely 12% of the country’s population.27

Even more tragic has been an explosion in homelessness, a problem which has declined in much of the rest of the country.28 Los Angeles County has roughly 50,000 homeless people, up 23% since last year and 75% since 2000. San Francisco streets have become unhealthy, due to the presence of syringes, garbage and feces.29

Today, eight million Californians live in poverty, including two million children.30 Roughly one in five California children lives in deep poverty, states a recent report by the Public Policy Institute of California and the Stanford Center on Poverty and Inequality. This number has risen since the Recession, despite the boom. The report noted that 45.8% of California’s children lived in or near poverty.31

The Housing Crisis: Key Driver of Future Feudalism

At its essence, feudalism was about hierarchy, and the domination of land ownership by a relative few. In the era that preceded feudalism, a strong, land-owning middle class played a critical role in, for example, the Greek democracy and the Roman Republic. Later, from seventeenth century Holland to US post-war

(Figure 2) Change in Employment By Wage Level, By California Region, and U.S, 2007 –2016

<table>
<thead>
<tr>
<th>Area</th>
<th>High Wage Jobs Created</th>
<th>Low and Mid Wage Jobs Created</th>
<th>Total Jobs Created</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bay Area Counties</td>
<td>+201.3</td>
<td>+206.6</td>
<td>+407.8</td>
</tr>
<tr>
<td>Southern California</td>
<td>-41.1</td>
<td>-332.6</td>
<td>+291.5</td>
</tr>
<tr>
<td>Coastal Counties</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>California - Statewide</td>
<td>-36.5</td>
<td>+1,108.1</td>
<td>+1,071.6</td>
</tr>
<tr>
<td>USA</td>
<td>-192.2</td>
<td>+6,684.6</td>
<td>+6,492.4</td>
</tr>
</tbody>
</table>

suburbia, dispersed ownership of land was a critical component of dispersed wealth and power and the strengthening of the middle orders. Property remains key to financial security: Homes today account for roughly two thirds of the wealth of middle-income Americans.32 (Figure 8).

Before 1970, California home prices (adjusted for incomes) were at about the national average; houses in California were barely 10% more costly than nationally.33 But the state has imposed increasingly draconian curbs on housing growth, particularly in the suburban fringes. In the major metropolitan areas since 2010, 40% of the population growth has been in the outer suburbs and exurbs, and less than 10% in the urban core favored by California’s policies.34 With the constraint on new suburban housing tracts, California prices have skyrocketed by an inflation-adjusted 210%, three times the post-1969 national average. One indication: the home used by the middle-class Brady Bunch was recently sold for just under two million.35 High housing costs plus rising taxes have eroded the financial position of California’s middle-class residents far more than it has hurt their counterparts in other states (Figure 8A).

This trend likely will continue if the state keeps opposing new suburban development.36 Meanwhile, the regulatory structure is worsening. Local governments have imposed regulatory fees that typically add upwards of $50,000 to the cost of building a new home, two and half times the national average. New state demands for “zero emissions” homes promise to boost this by an additional $25,000. These kinds of policies have tended to raise prices both elsewhere in the US and abroad.37 The raw cost of meeting California’s green
requirements adds an estimated $150,000 per unit and enmeshes construction projects in years of red tape before approval. Nationally homebuilders suggest preconstruction costs in California adds up to 42.6 percent of costs compared by 32% nationally.

Perhaps the most pernicious result of these policies has been to constrain housing production for the single-family homes preferred by most families. Although much wealth has been created and the population has continued to grow, albeit slowly, housing construction has lagged. California built about 90,000 fewer houses annually from 1980 to 2010 than was necessary to adequately provide for population growth, according to the Legislative Analyst.

This is a problem that seems unlikely to be solved quickly. California’s rate of issuing building permits for both single and multi-family housing remains well below the national average, particularly compared to prime competitor states, such as Texas (Figure 9).

The unintended result has been to turn California home ownership from a middle-class staple into a luxury item reserved for the affluent. The income needed to purchase the median priced house in the state has soared. According to the National Association of Realtors, it takes an income of $318,000 to qualify for the median priced house in San Jose, $242,000 in San Francisco, and $146,000 in the San Diego metropolitan areas. In Orange County, it takes $126,000; it is

(Figure 8A) Share of Higher Cost of Living by Factor Los Angeles, San Francisco, San Diego, & San Jose.

(Figure 9) Residential Building Permits: 2011–2017 California Major MAS’s in Context
(Figure 10) Home Ownership Rates Compared California Coastal, Florida, & Texas Major MSA’s
Sources: Derived from American Community Survey 2016

(Figure 10A) Most Severely Unaffordable Housing: 2016 10 Most Populous States
Sources: Derived from ACS 2016

(Figure 11) Home Ownership Trend: Age 25-34: 2000–2016: California’s Major Metropolitan Areas
Sources: Derived from Census Bureau data
$160,000 in Los Angeles County. These figures are from double to five times the national average\(^2\),\(^3\) (Figure 10).

Perhaps even worse, the biggest differential between California’s prices and national averages occurs at the low end, which is where people traditionally enter the market. Not surprisingly, California now has among the overall lowest homeownership rates of any state (Figure 10A). Out of the 75 largest metropolitan areas, San Jose has the lowest homeownership rate in the country, Fresno is 73rd, Los Angeles 72nd, San Diego 71st and San Francisco 66th. Housing policy is quietly reducing the growth of the state’s middle class by essentially removing many from even the remote possibility of buying a house.\(^4\)

Who Loses Out? Millennials

The housing crisis has been felt most by those who will shape our future, minorities and millennials. Californians who are between 25 and 34 years old suffer the third lowest homeownership rate (25.3%) in the country, one-third below the national average, ahead only of New York and Hawaii.\(^5\) In San Francisco, Los Angeles and San Diego, according to Census Bureau data, the 25-34 home ownership rates range from 19.6% to 22.6%, approximately 40% below the national average (Figure 11). Since 2010 these areas have experienced far more rapid declines in millennial homeownership than the national average and many key competitive metropolitan areas.

The problem for millennials lies primarily in a toxic combination of high costs and relatively low salaries. California millennials on average earn about the same as their counterparts in less expensive states such as Texas, Minnesota and Washington.\(^6\) But California millennials generally shell out more for rent or a down payment. According to Zillow, for workers between the ages of 22 and 34 rent costs claim upwards of 45% of income in Los Angeles and San Francisco, compared to closer to 30% of income in Dallas-Fort Worth or Houston (Figure 12). In Los Angeles and the Bay Area, a monthly mortgage takes, on average, close to 40% of income, compared to 15% nationally.\(^7\)

More and more, the key lies in winning the birth sweepstakes through inheritance. As prices have risen, more buyers have become dependent on money from parents and relatives; roughly one in three new loans in California depend on resources from family, up from one in four just in 2011. In Los Angeles and Orange Counties, close to 40% of loans are based on family money, up from 25% in 2011. Nationally the rate is 26%\(^8\) (Figure 12).

(Figure 12) More Than 35% Of Home Mortgages Require Family Assistance for Down Payments in California, Double the U.S. Rate

The Minority Dilemma

Some see proudly multicultural California, where Hispanics and African Americans constitute 45% of the total population, as the model for future diversity and inclusiveness. Yet, despite California’s wealth and promise, it has begun a very real retreat from the middle-class growth that helped to make it a promised land for so many minorities. Almost one third of the state’s Hispanics and one fifth of African-Americans, notes the United Way, hang on the edge of poverty (Figure 13). Based on cost-of-living estimation tools from the Census Bureau, 28% of African-Americans in the state live in poverty, compared with 22% nationally.49

Hispanics, the state’s largest ethnic group, are projected to comprise close to a majority of the population by 2050.50 Fully one-third of Latinos live in poverty, compared with 21% that do so outside of the state. Over two-thirds of non-citizen Latinos, the group most loudly defended by the state’s progressive leadership, live at or below the poverty line51 (Figure 14).

Although they make up only 39% of the state’s population, Latino men, women and children constitute almost 53% of California’s poor.52 For California’s historically disadvantaged minorities, property ownership is becoming more difficult. Although some kids from wealthy families—primarily white non-Hispanics or Asians—can purchase houses with parental help, many Latinos and blacks lack those resources and are increasingly priced out of the market53 (Figure 15). California’s white Non-Hispanic homeownership rate remains above 62 percent, but just 42% of all Latino households, and only 33% of all black households own their own homes.54

High rents and housing prices have forced many minorities to live in deplorable conditions. One in four Angelinos, according to a recent UCLA study, spends half their income on rent, the highest of any major metro.55 The California rate of overcrowding is roughly twice the national average.56

(Figure 13) Poverty rates in California are higher than in the US as a whole, across all ethnic groups

Sources: CPS Table Center, https://www.census.gov/cps/data/cpstablecreator.html for official and NAS-based estimals, Consumer Expenditure Survey (CE)-based threshold and NAS income less medical out of pocket expenditure (see https://www.census.gov/cps/data/povthresholds.html) and geographic price difference adjustment.
Angeles County, where the population is nearly 60% Latino or African-American, suffers the highest level of households with “severe overcrowding” (at least 1.5 persons per room) of any major metropolitan area. California’s overcrowding rate is the nation’s second-worst.57

Migration Trends
Recent migration patterns reflect this growing squeeze on California middle and working-class families. Net out-migration, after declining during the early years of the recession, has more than tripled since 2014 (Figure 16). Even worse, according to a recent UC Berkeley study over a quarter of Californians are considering a move, half of them out of the state, with the strongest proclivity found among people under 50.58

(Figure 14) Home Ownership: California & US 2016: Total & 4 Largest Ethnicities
Sources: Derived from Census Bureau data

(Figure 15) Highest Severe Overcrowding Rates States & DC: 2016
Sources: Derived from ACS 2016
This is occurring as California’s population growth, once among the nation’s highest, fell short of expectations and below the national average last year (Figure 17). As recently as a decade ago, the California Department of Finance (DOF) was projecting a population of nearly 60 million by 2050. Slowing growth led DOF to reduce the 2050 projection by nearly 10 million based on the 2010 Census count.

Who Leaves?

Of course, population growth itself does not guarantee prosperity, but there are some disturbing trends. The state’s boosters and the administration itself like to talk as if California is simply giving itself an enema to expel its waste, while making itself an irresistible beacon to the best and brightest. The reality, however, is more complicated. An analysis of IRS data from 2015–16, the latest available, shows that while 56% of those who left the state had incomes under $50,000 annually, 44% were at levels above that. Roughly one in four had an income of over $100,000. This wealthiest segment left the state at almost the same rate as those with in the lower income strata in recent years the out-migration of middle and even wealthy people has grown dramatically (Figure 18).

Perhaps even more troubling has been the age of those leaving. Rather than largely a migration of people headed towards retirement, the strongest out-migration has been concentrated among people in and around child-bearing years, most notably the 35 to 44-year-old cohort (Figure 19). Again, this trend has become more pronounced in the most recent figures.

The loss of young families is reflected in a decline in perhaps the greatest
indicator of societal vitality: family formation and children. After years of above average rises in its number of children, California now suffers its lowest crude birth rate since 1907. Los Angeles and San Francisco ranked among the bottom 10 in birthrates among the 53 major metropolitan areas in 2015.

**High-tech Feudalism**

In a way not seen since the land consolidation of the Middle Ages when lords established military control, or perhaps since the early days of the industrial revolution, the shift to a digital economy has created an enormous accumulation of wealth. Technology has been a major force in California for decades, but the current surge, and its extraordinary concentration, is unprecedented. In the five years from 2013 to June 2018, five technology companies grew in value by $2.7 trillion, the fastest increase in growth over a five-year period in American financial history (Figure 20). The value of these five stocks is the equivalent of almost 20% of the value of US GDP. In the history of the S&P 500, the top five companies have never been in the same industry. According to stock market analyst Michael Batnick, in past eras, even though we may have seen similar or higher percentages of concentration among the top five, they have been from diversified industries.

The clustering of so many top firms in Silicon Valley-San Francisco Bay Area has generated an extraordinary, and youthful, coterie of the ultra-rich. Some 70% of the 56 billionaires under 40 live in California, with 12 in Francisco alone. As the tech firms exploit their quasi-monopolies and enjoy exceedingly high profits, costs are unlikely to make them go elsewhere.

The late futurist Alvin Toffler optimistically saw these tech firms critical to creating “the dawn of a new civilization,” with vast opportunities for societal and human growth. Instead, the tech economy seems to be creating greater inequality, including in its Bay Area base. We may instead be heading gradually towards what the Japanese futurist Taiichi Sakaiya described as “a high-tech middle age,” where only a wealthy few control the commanding heights of the economy and political life.

This is a sad and dramatic change. As recently as the 1980s, note researchers Manuel Pastor and Chris Brenner, the San Jose area boasted one of the country’s most egalitarian economies. Jobs in manufacturing, assembly, transportation and customer support helped middle, and even working-class families to achieve “the California dream.” The ‘80s,
(Figure 20) Top 5 Tech Companies Grew Market Value By $2.7 Trillion in The Last 5 Years . . .
The Largest and Fastest Increase In History

(Figure 21) Middle-Class Households in Silicon Valley Are Being Replaced With Low- and Upper-Income Household Share of All county Households, by Income Segment, 1989 to 2014

Sources: Source: NASDAQ Stock market data, Yahoo Finance

Source: Budget center analysis of US Census Bureau data
they said, were “good times for growth and equity in Silicon Valley.”

The shift of employment from industrial to software industries has meant fewer opportunities for assemblers and other blue-collar workers. Over the past century, Silicon Valley has greatly expanded in information jobs, but it has lost over 160,000 manufacturing positions. The new software companies simply need fewer workers per dollar than traditional tech firms do; their revenues per employee are two to three times those of, for example, Intel. They also often employ non-citizens on temporary visas, who now constitute upwards of 40 percent of their workforce.

“Ultimately,” note Pastor and Brenner, “what has emerged is a region that our key informants almost universally described as fragmented and divided, with the high-tech community largely isolated from the broader region and particularly those parts of the region that are less fortunate” (Figure 21).

The valley may be minting money for some tech workers, but, as a Joint Venture Silicon Valley report showed, incomes have declined for the largely working class Latino and African American population. Urban website CityLab has described the Bay Area as “a region of segregated innovation,” where the rich wax, the middle class wanes, and the poor live in increasingly unshakable poverty. Some 76,000 millionaires and billionaires call Santa Clara and San Mateo counties home. At the other end are the thousands of people who struggle to feed their families and pay their bills each month. Nearly 30% of Silicon Valley’s residents rely on public or private assistance (Figure 22).

Under current circumstances, we can expect more of the same. The regional planning agency projects that barely one in five future jobs will be middle income; the rest will be at the lower end. At the same time, housing prices are so high that even many Google and Apple engineers are unable to afford a house in the area. Recruiting new workers has become increasingly difficult. In a 2014 survey of more than 200 business executives conducted by the Silicon Valley Leadership Group, 72% of them cited “housing costs for employees” as the most important challenge facing Silicon Valley businesses.

Brave New Valley?

The society that Silicon Valley epitomizes seems increasingly like that in Aldous Huxley’s Brave New World. Those at the top, the Alphas, live in comfort. Families have been abolished except on reservations for misfits, and people widely enjoy a remarkable access to pleasurable pharmaceuticals and unconstrained, commitment-free sex in the city.

Huxley’s future eerily resembles the one favored by the oligarchs. As author Greg Ferenstein notes, they house their workers in a largely childless college campus.

(Figure 22) In The Bay Area, Top 1% Earn Between 31 and 47 Times More Than The Bottom 99%. In 1989, It Was Between 11 and 17 Times

Sources: Keystone Research Center analysis of Franchise Tax Board, Internal Revenue Service, Thomas Piketty and Emmanuel Saez (2003), US Bureau of Economic Analysis, and US Census Bureau data
environment, and they will pay women workers to freeze their eggs. They are serviced by low-wage workers—the Deltas, Gammas and Epsilons of Huxley’s world—largely imported from the suburban fringes; in the Bay Area, the largest rise in poverty tends to be in exurbs or suburbs, far from the best job opportunities. In some ways, this also has a historic aspect, recalling the cities of New Spain where, in late feudal fashion, the upper class clustered in the desirable city area serviced by native Mexicans forced to live on the periphery. In some ways, this also has a historic aspect, recalling the cities of New Spain where, in late feudal fashion, the upper class clustered in the desirable city area serviced by native Mexicans forced to live on the periphery.

This increasingly class-bound society is not ideal for the very kind of ambitious upstart who has played such a glorious role in the valley’s history. As tech has become one of the most concentrated industries, many startups are formed in large part to be acquired. The historic startup culture, suggests The Economist, is being strangled by oligarchic domination. Notes one online publisher about his firm’s relationship with Google.

If you’re a Star Trek fan, you’ll understand the analogy. It’s a bit like being assimilated by the Borg. You get cool new powers. But having been assimilated, if your implants were ever removed, you’d certainly die. That basically captures our relationship to Google.

Not surprisingly, the oligarchs have little trouble with this kind of relationship. Rather than expect their workers or consumers to grow and achieve greater independence, notably by owning houses and starting companies, they reject the idea of dispersing wealth. Gregory Ferenstein, who interviewed 147 digital company founders, says most believe that “An increasingly greater share of economic wealth will be generated by a smaller slice of very talented or original people. Everyone else will increasingly subsist on some combination of part-time entrepreneurial ‘gig work’ and government aid.” Such part-time work has been growing rapidly, accounting for roughly 20 percent of the workforce in the US and Europe and is expected to grow substantially, notes McKinsey.

To keep the hoi polloi in line, numerous oligarchs—Mark Zuckerberg, eBay founder Pierre Omidyar, Elon Musk and founder of seed funding firm Y Combinator Sam Altman—have embraced ideas that mirror policies in early industrial Britain that offered a ‘proletarian alms bag’ to keep the masses from starvation and off the street. These ideas include, of course, not stripping their own wealth, but having taxpayers provide guaranteed wages, health care, free college and housing subsidies. This also has the virtue of helping them expand the use of ‘gig workers,’ who do not receive benefits from their employers. Low-paying and inconsistent gig economy jobs are one of the prime reasons for rising poverty in the Bay Area.

For the next generation, such handouts, including housing subsidies, promise a
future not of owned houses, but of rented apartments. The oligarchs have tried to push legislation that would allow developers to build such structures even when they are opposed by neighborhoods and violate established zoning. Unable to grow into property-owning adults, these workers will subsist as rental serfs.

"Low-paying and inconsistent gig economy jobs are one of the prime reasons for rising poverty in the Bay Area."

Wired magazine’s Antonio Garcia Martinez has labeled this, ‘feudalism with better marketing.’ In Martinez’s view, above all is the new aristocratic class, “...an inner party” of venture capitalists and company founders. Well below them is an “outer party” of skilled professionals, well paid, but given high prices and taxes, living ordinary middle-class lives. Below them lies the vast population of gig workers, whom Martinez compares with sharecroppers in the south, “…with the serfs responding to a smart phone prompt rather than an overseer’s command.” Further below still lie those who constitute, in Martinez’s phrase, “the Untouchable class of the homeless, drug addicted, and/or criminal.”

He describes a society that, as in the Middle Ages, is, “…highly stratified, with little social mobility.” High prices make it all but impossible for those who are not highly affluent to own their homes. Workers in the gig economy, much less the “untouchables,” have little chance to improve their lot.

Slowing Feudalism’s Bright Future

California’s policy choices are important, not just for us but for the whole country. For better or worse, the nation’s progressive intelligentsia sees in our current politics the future of the country. As Peter Leyden and Ruy Teixeira recently suggested, our state is in the vanguard of every positive trend, from racial diversity and environmentalism to policing gender roles. “California,” they wrote recently in Medium, “is the future of American politics.”

If this is so, feudalism will have a bright future, not only here but across the country. The state has upped its greenhouse gas goals to well above those of the Paris accords, a seemingly impractical level. It has even committed to removing all fossil fuels from its electricity grid, a policy that seems almost certain to boost energy prices even higher. The new mandate for solar on new houses, for example, could increase house prices, already at absurd heights, by another $20,000 without doing much to reduce greenhouse gas (GHG) emissions, notes Mike Shellenberger.
Overall, California’s green regulators predict that the implementation of ever-stricter climate rules will have a “small” impact on the economy, pointing to strong aggregate economic and job growth in recent years.96 Yet this view has been utterly devastated by a new study from Chapman University, in which coauthors David Friedman and Jennifer Hernandez demonstrate that California’s draconian anti-climate-change regime has exacerbated economic, geographic, and racial inequality.97 The primary impact of climate regulations, as laid out by Friedman and Hernandez, has been to chase away historically well-paying jobs in manufacturing, energy and home building, all key fields for working-and middle-class Californians.

And to make things worse, California’s efforts to save the planet have done little more than divert GHG emissions to other states and countries.98 Since 2007, when the Golden State’s landmark global-warming legislation was passed, note Hernandez and Friedman, California has accounted for barely 5% of the nation’s GHG reductions (Figure 23). Over that time the state has ranked a mediocre 35th nation-wide in GHG reductions.

And given that in 2010 the state accounted for less than 1% percent of global GHG emissions, the disproportionately large reductions sought by state activists and bureaucrats would have no discernible effect on global emissions under the Paris Agreement. “If California ceased to exist in 2030,” Friedman and Hernandez note, “global GHG emissions would be still be 99.54% of the Paris Agreement total.”

**Housing and Energy**

Rather than preen about their policies, California policymakers should be able meet the strong goals of the Obama Administration, but not in ways that damage the states already beleaguered middle and working classes. Instead of imposing policies that are marginally helpful or even harmful, California could encourage biomass use, and clean up the state’s vast forested areas—some 33 million acres—which could provide renewable energy and reduce the excessive emissions from wildfires caused by years of forest mismanagement.99

(Figure 23) In The Bay Area, Top 1% Earn Between 31 and 47 Times More Than The Bottom 99%. In 1989, It Was Between 11 and 17 Times

Overall, California needs to reappraise its energy agenda. Going 100% renewable by 2045, as the state recently mandated, is likely to boost energy costs even higher, and put more strains on middle and working class households. The state's aggressively green policies, including a shift from nuclear and natural gas to renewable energy, have pushed California industrial electricity rates to a level that is twice as high as those in such competitor states as Nevada, Arizona and Texas. In early 2018, state electricity prices were 58% higher, and gasoline over 90 cents per gallon higher, than the national average (Figure 24). These high prices have been particularly devastating to traditional blue-collar industries. Manufacturing employment, highly sensitive to energy-related and other regulations, has declined by 160,000 jobs since 2007. California has benefited far less from the national industrial resurgence, particularly this past year. Manufacturing jobs—along with those in construction and logistics, also hurt by high energy prices—have long been key to upward mobility for non-college-educated Californians. Such costs also put stress on many poorer households, particularly in the interior, where roughly 15% percent of residents live under conditions of “energy poverty.”

Similarly, policy-makers should work to increase housing supply on the periphery, as was common until the early 1970s. State officials insist, for example, that density will reduce carbon emissions while improving affordability and boosting transit use. Yet, as Los Angeles has pursued densification under state and regional policies, housing prices and rents have soared, but transit ridership has continued to drop. A UCLA report explains one factor has been the incentives for real-estate speculation that have driven the area’s predominantly poor

"Overall, California needs to reappraise its energy agenda."
transit riders further from trains and buses, forcing many to purchase cars. To allay concerns about housing affordability, the state has allocated about $300 million from its cap-and-trade funds for housing, a meager amount given that the cost of building affordable housing in urban areas can exceed $700,000 per unit.

More efficient ways to improve housing options clearly lie in the marketplace: In suburban development, and in redevelopment of retail vacancies and large areas of undeveloped or underdeveloped urban lands. Despite the rhetoric from some urban containment advocates, California has lots of open land. Barely 5% of the state is developed, including all the suburbs and exurbs, and California has the highest urban densities in the nation, even higher than New York.

There is no inherent contradiction between suburban development and sustainability. To implement solar power, for example, British economist Hugh Byrd notes that spread-out suburbs and their rooftops are far better suited than denser forms. Suburban growth could also prove to be a better environment for maintaining wild animal populations that cannot survive in denser areas. Alan M. Berger, co-director of the MIT Norman B. Leventhal Center for Advanced Urbanism, has noted that the suburbs millennials will likely inhabit will be different than those of today: more walkable, environmentally sustainable, and eventually connected by autonomous technologies.

Re-Imagining the Future of California

Californians have many reasons to seek change, if not for themselves, for the next generation. A recent Dornsife/Los Angeles Times poll found that only 17% of Californians believe the state’s current generation is doing better than previous ones. More than 50% thought 18-30-year-old Californians were doing worse. Most Californians, both liberal and conservative, have expressed concern about the state’s inequality, and a majority, despite the ‘boom,’ expressed dissatisfaction with the economy.

One critical priority is to consider policies that allow interior counties with very different populations and economic challenges to employ more growth-friendly policies. However impressive the wealth creation in Silicon Valley, the state cannot thrive with its aristocracy living in coastal splendor while as much as one-third of the population lives amidst long-term, persistent poverty. Organized labor, at least on the private side, seems to have seen this issue; California cannot succeed based only on high-wage tech jobs and low-wage service ones. Yet today the state projects that only two of the fifteen fields expected to grow by 2026 would be high-wage, and the average pay will be $41,000, barely a living wage in a high cost state.

Sadly, the state is driving regions to adopt policies that could exacerbate
feudal patterns. The 2040 regional plan for the Bay Area (“Plan Bay Area”) calls for 75% of new housing development to take place on barely 5% of the land mass, all but guaranteeing high prices. One alternative scenario assumes that 78% percent of new housing in the Bay Area would be multi-family and 22% single-family (detached and attached). The clear majority of new housing would be rentals.112 This approach will not do much to address climate issues: A recent UC Berkeley study suggests that enforced densification would save less than 1% of the new 2030 reductions mandated by the state, something statistically meaningless compared with current annual worldwide emissions of 49,000 million metric tons (Figure 26).113

This doubling down on the state’s current housing agenda represents a threat to the future of middle-class families in the state. Some proposals, supported in large part by tech oligarchs, addressed these shortages by stripping local governments of their ability to control high-density housing in their areas, an attempt that elicited widespread opposition even in progressive cities like Los Angeles, San Francisco and Berkeley.114 Opposition to dense development remains strong in many coastal communities, including Silicon Valley. Similarly, the notion

(Figure 26) Urbanization as a % of Total Land Area 10 Most Populous States: 2010

(Figure 27) Of The Top 15 Occupations Expected To Grow in California, only 2 are high-paying

Sources: Derived from Census Bureau data

Sources: Derived from IRS data
that more high density housing, widely favored by most urban theorists and planners, will relieve the state’s affordability crisis, neglects to acknowledge that this kind of construction is up to five times as costly per square foot than lower-density construction. If there is one single accomplishment that could restore the friendliness of California to middle-income households, it is the restoration of historic middle-income housing affordability.

Infrastructure and Education

There also need to be other changes in state priorities. Once a model of educational success, California now ranks 32nd in the country in educational performance, according to a 2018 Education Week report, despite the addition of $31.2 billion since 2013 in new school funding.

The state’s poor students ranked 49th on National Assessment of Education Progress tests. California has among the lowest reading scores for 8th graders in the nation. Latino academic achievement is also generally lower than in the rest of the nation. In Silicon Valley, half of local public school students and barely one in five blacks or Latinos are proficient in basic math (Figure 29). San Francisco, which the nonprofit journalism site CalMatters refers to as “a progressive enclave and beacon for technological innovation,” had “the lowest black student achievement of any county in California,” as well as the highest gap between black and white scores.

While the state does have a strong sector of “gold and silver” public schools, most are in wealthy suburban locations such as Orange County, the interior East Bay, and across the San Francisco Peninsula. California’s education system needs to focus more on skilled blue-collar jobs, an area in which it has failed miserably, so that people without elite educations can find decent work.

A blue-collar focus should also extend to boosting basic infrastructure. This impacts the ‘real’ economy that provides opportunities for middle- and working-class families. California’s superlative freeway system made possible the development of large, middle-class areas such as the San Fernando Valley, the South Bay and Orange County, and the spine of the San Francisco Peninsula, which eventually morphed into Silicon Valley.

But the current regime in Sacramento is not much interested in building new roads. It instead prefers that we go on a “road diet.” This is based on the notion that if we make road conditions bad enough people will embrace transit. Yet, in recent years, billions have been spent...
on transit, but ridership has increased at only one-third the rate of working at home, which now has a larger share of workers.\textsuperscript{122} We continue to fund an ill-conceived high-speed rail system with costs that have more than doubled since initial planning. Despite considerable scaling back, it is more than ten years behind schedule. As many as two-thirds of Californians no longer want to fund it.\textsuperscript{123} Meanwhile, the roads that we use are ranked among the worst in the country.\textsuperscript{124}

Greater amounts should be spent, as was done under Pat Brown, on basics like roads, bridges, and water storage, as well as on energy transmission and water pipelines. New technologies, an area in which California excels, should be pushed here first, including autonomous vehicles, expanded ride sharing in lieu of conventional transit, and desalination plants.\textsuperscript{125} Instead, Governor Brown and his advisors have been reluctant to build new water storage or roads in fear that they might induce the growth of communities, particularly in the interior or parts of the state, that don’t fit their green density model.\textsuperscript{126}

The new policy we embrace differs dramatically in who it wishes to serve: the state’s middle and working classes as opposed to the oligarchs and well-placed pressure groups. Truckers and warehouses use roads. Factories need reasonable energy; farms and urban communities should expect reasonable water prices; droughts tend to impact smaller farming areas, such as those in the San Joaquin Valley or the Central Coast, with lots of poor people.\textsuperscript{127}

**The Political Challenge**

In a normal political environment, these policies would spark debate not only among conservatives, but among traditional Democrats. Recently, some 200 veteran civil rights leaders sued the California Air Resources Board (CARB), on the basis that state policies are skewed against the poor and minorities.\textsuperscript{128} Last year, the first signs of a middle class push back were seen when a handful of largely
Latino and inland Democrats—some of them backed by the state’s residual energy industry—opposed some of the Administration’s more extreme proposals. Similarly, some eleven Democrats, most from working class or interior districts, recently voted against the 100% renewables mandate. “This is yet another in a laundry list of bills that are discriminatory to the people I represent,” said Adam Gray of Merced.129

To be sure, progressives make a convincing case that without an expanded welfare state California’s poverty would be worse, and potentially more disruptive.130 But with its wealth and generous public spending, California’s poverty rate should be among the lowest in the country. Sadly, many steps to address inequality being urged by progressives—a $15 minimum wage, ever stricter environmental laws, more onerous labor laws, mandatory quotas on corporate boards, enforced diversity at the UCs, and a state-sponsored single payer health system—may provide some relief to the poor, and perhaps meet some social goals, but may not much help the aspirations of working-class Californians to join the middle class.131

Business leaders must address these issues with an alternative scenario that offers opportunities for ownership.132 However well intentioned, this approach, which may help some tenants, has historically discouraged building in many cities.133

To create an alternative to feudalism, or to ever-greater state control of virtually every aspect of our lives, Californians need to create a policy agenda that, first and foremost, serves the basic interests of state residents by expanding opportunity across classes and geographies. Those of us concerned about a better future for the next generation may have good cause to be discouraged. But we have great human resources. An unmatched physical endowment and a culture of innovation. And we believe there’s a way to restore California’s once proud reputation as incubator of aspirations, and a fulfills of dreams.
HOW MIDDLE-CLASS CALIFORNIANS DEAL WITH THE FINANCIAL SQUEEZE

What is the impact of rising costs on everyday Californians? We set out to answer this question by looking at the real-world household finances of different groups within the state.

Our Chapman University research team identified eight broad California “personas” that we can all relate to. We looked at diverse groups of people who vary by whether they live inland or on the coast, by age, by how many children they are raising, and by income level. Our goal was to answer a simple question: How much income do people have after paying taxes and the essential expenses required for a reasonably expected standard of living at their income level? The answers raise deep concerns about the sustainability of the California Dream.

"How much income do people have after paying taxes and the essential expenses required for a reasonably expected standard of living at their income level?"

To a remarkable extent, Californians simply cannot afford the expenses necessary to support the standard of living that would be expected at their income level. This has consequences that affect expenditures and lifestyle. Those with above average incomes might underfund their savings. Retirees might cut back on healthcare and transportation spending. Lower income people might share housing costs with other households. Households with children might avoid costly child care by relying on friends or relatives, or even leaving older children unsupervised.

Many turn to consumer debt to plug the gap. Data from the Federal Reserve Bank of New York on non-mortgage debt shows that Californians have increased their percentage of after-tax income dedicated to consumer debt service to close to what it was at pre-recession levels. This has forced many people into lower standards of living and heavy borrowing to survive financially.

We examined the pre-tax incomes, the spending habits necessary to support a reasonably expected standard of living, and the resulting hypothetical surpluses or deficits in eight cases (personas) (Figure 30).
(Figure 31) Summary Description of 8 California Personas and Hypothetical Surplus/Deficit

<table>
<thead>
<tr>
<th>Persona</th>
<th>Pre-Tax Income Percentile</th>
<th>2018 Pre-Tax HH Income</th>
<th>Career Life Stage</th>
<th>Number of Children Living in HH</th>
<th>Own/Rent</th>
<th>Inland or Coastal</th>
<th>2018 Hypothetical Surplus (Deficit)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upper Management and Professionals</td>
<td>99%</td>
<td>$500,000+</td>
<td>Senior Executive</td>
<td>2</td>
<td>Own</td>
<td>Anywhere</td>
<td>$78,073 +</td>
</tr>
<tr>
<td>Mid-Level Executive</td>
<td>95%</td>
<td>$230,000</td>
<td>Mid-career</td>
<td>2</td>
<td>Own</td>
<td>Coastal</td>
<td>$(1,523)</td>
</tr>
<tr>
<td>Jr. Executive or Professional</td>
<td>80%</td>
<td>$125,000</td>
<td>5 years’ experience</td>
<td>1</td>
<td>Own</td>
<td>Coastal</td>
<td>$(8,838)</td>
</tr>
<tr>
<td>Recent Professional</td>
<td>60%</td>
<td>$75,000</td>
<td>Just starting career</td>
<td>0</td>
<td>Rent</td>
<td>Coastal</td>
<td>$10,039</td>
</tr>
<tr>
<td>Doctor</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service Line Worker</td>
<td>40%</td>
<td>$47,000</td>
<td>Varied</td>
<td>2</td>
<td>Rent</td>
<td>Coastal</td>
<td>$(21,017)</td>
</tr>
<tr>
<td>Retirees – Statewide</td>
<td>60%</td>
<td>$75,000</td>
<td>No longer working full-time</td>
<td>0</td>
<td>Own</td>
<td>Anywhere</td>
<td>$(7,463)</td>
</tr>
<tr>
<td>Experienced Manufacturing Worker</td>
<td>60%</td>
<td>$75,000</td>
<td>10+ years’ experience</td>
<td>2</td>
<td>Own</td>
<td>Inland</td>
<td>$(15,757)</td>
</tr>
<tr>
<td>Agricultural or Service Worker</td>
<td>40%</td>
<td>$47,000</td>
<td>Varied</td>
<td>2</td>
<td>Rent</td>
<td>Inland</td>
<td>$(11,358)</td>
</tr>
</tbody>
</table>

(Figure 32) Hypothetical Spending As A Percentage of After-Tax Income: 2018 – 8 California Personas

<table>
<thead>
<tr>
<th>Persona</th>
<th>Housing and Utilities and Prop Taxes (if any)</th>
<th>Food</th>
<th>Transportation</th>
<th>Healthcare</th>
<th>Childcare</th>
<th>Healthcare Other (Ind. Comms., clothing, et al.)</th>
<th>Debt Service</th>
<th>2018 Hypothetical Surplus/Deficit As % of After Tax Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upper Management and Professionals</td>
<td>42%</td>
<td>4%</td>
<td>7%</td>
<td>2%</td>
<td>5%</td>
<td>6%</td>
<td>1%</td>
<td>6%</td>
</tr>
<tr>
<td>Mid-Level Executive</td>
<td>51%</td>
<td>7%</td>
<td>12%</td>
<td>4%</td>
<td>9%</td>
<td>10%</td>
<td>3%</td>
<td>6%</td>
</tr>
<tr>
<td>Jr. Executive or Professional</td>
<td>54%</td>
<td>9%</td>
<td>11%</td>
<td>7%</td>
<td>9%</td>
<td>9%</td>
<td>5%</td>
<td>6%</td>
</tr>
<tr>
<td>Recent Professional Degree</td>
<td>45%</td>
<td>7%</td>
<td>7%</td>
<td>4%</td>
<td>0%</td>
<td>10%</td>
<td>3%</td>
<td>6%</td>
</tr>
<tr>
<td>Service Line Worker, Coastal</td>
<td>60%</td>
<td>26%</td>
<td>26%</td>
<td>17%</td>
<td>6%</td>
<td>8%</td>
<td>4%</td>
<td>6%</td>
</tr>
<tr>
<td>Retirees – Statewide</td>
<td>70%</td>
<td>11%</td>
<td>13%</td>
<td>9%</td>
<td>0%</td>
<td>0%</td>
<td>3%</td>
<td>6%</td>
</tr>
<tr>
<td>Experienced Manufacturing Worker</td>
<td>36%</td>
<td>17%</td>
<td>17%</td>
<td>11%</td>
<td>24%</td>
<td>8%</td>
<td>7%</td>
<td>6%</td>
</tr>
<tr>
<td>Agricultural or Service Worker,</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>Inland</td>
<td></td>
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</tr>
</tbody>
</table>

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Our results are based on statistics published by broad data collection sources, such as the MIT Cost of Living Calculator and the Bureau of Labor Statistics (BLS) Consumer Expenditure Survey. We also used secondary research on specific areas of expenditure from topic-specific sources. Finally, we incorporated interviews with individuals and families about expense levels they are experiencing in the real world. We placed greater weight on the “real world” numbers people shared with us. Table 1 shows the percentage of after-tax income each spending category represents for each of the different personas.

As you can see, only two of the personas would have enough income for their expected standard of living: the upper 1%, and recent college graduates with professional degrees and without children to support.

For our other personas, hypothetical spending exceeds after-tax income from 1% (for mid-level executives with $230,000 in pre-tax household incomes) to 53% for coastal service line workers. Six of the eight personas have negative hypothetical income, which can be as high as $21,017 for lower income coastal service workers.

"Housing, not surprisingly, is the highest expense for all personas"

Housing, not surprisingly, is the highest expense for all personas, ranging from 70% of after-tax income for retirees to 36% for lower income people who share household expenses with other families. Transportation is the next highest expense, as a percentage of after-tax income, for most others. For experienced manufacturing workers in inland counties earning a pre-tax income of $75,000, however, childcare expenses can represent a very high percentage of income.

The BLS Consumer Expenditures Survey suggests that sacrifices in child care may be a principal way to cut essential expenses enough to live within incomes. Using our rough estimates, it appears that many Californians have a deficit every month relative to the expected standard of living. Many often simply “do without.” Little of California’s population is “living the dream;” even fewer are living it without financial anxiety.

Homes in San Francisco
END NOTES


17. http://www.pewsocialtrends.org/files/2016/05/Middle-Class-Metro-Areas-FINAL.pdf


32. Calculated from National Association of Realtors and California Association of Realtors median house price data.


43. Derived from American Community Survey.


47. “California, Greenhouse Gas Regulation, and Climate Change.”


54. “Expanding Opportunity.”


57. Missing

58. Based on Census data and California Department of Finance projections.


72. Equity, Growth and Community, 168.


77. “Buying a Bay Area home now a struggle.”

78. “California’s High Housing Costs.”


83. “The Disrupters.”


89. Ibid.

90. Ibid.


95. “California, Greenhouse Gas Regulation, and Climate Change.”

96. Ibid.


113. “Tech Oligarchs and the Housing Crisis.”


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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 *Typography* 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.

FUTURA is Chapman’s sans serif family. Designed by Paul Renner and released in 1927. It was designed as a contribution on the New Frankfurt-project. It is based on geometric shapes, especially the circle, similar in spirit to the Bauhaus design style of the period.

All images were found through Google and are labeled for reuse.

Book layout design by Eric Chimenti; professor at Chapman University, book exterior design by Caitlyn Mumaw, Chapman University Class of 2020, and interior design by Cassandra Taylor, Chapman University Class of 2019.

Eric Chimenti’s 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.

Professor Chimenti is also the founder and head of Chapman’s *Ideation Lab* at which Caitlyn and Cassandra work. The Ideation Lab 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. Students specialize in the design and presentation of complex communication problems.