



**LOS ANGELES**





**PERE**  
USC Program for Environmental  
& Regional Equity

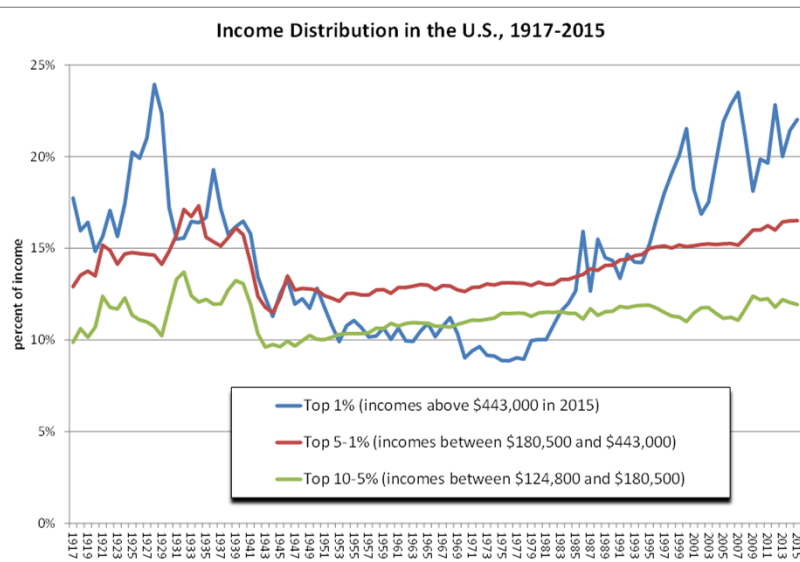
## GROWING THE MIDDLE: SECURING THE FUTURE LOS ANGELES

02.21.18

**MANUEL PASTOR**


@Prof\_MPastor

## THE WIDENING GAP

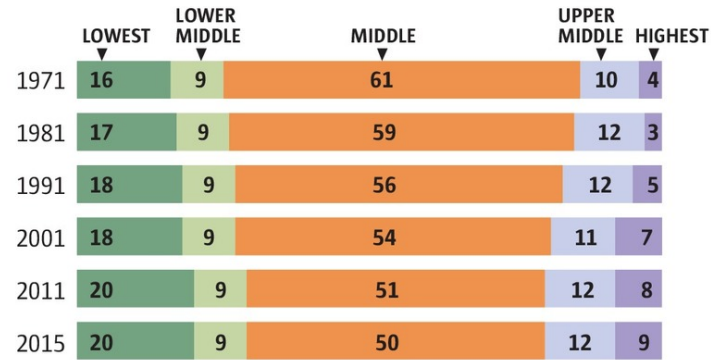


## THE WIDENING GAP

### Income breakdown

Share of adults living in middle-income households is falling.

*% of adults in each income tier*

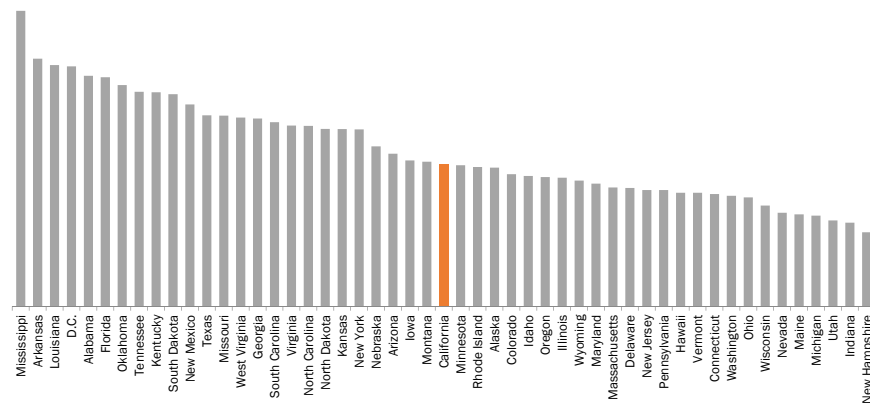


Source: Pew Research Center

KELLY SHEA / THE SEATTLE TIMES

## INEQUALITY: HOW CALIFORNIA RANKS

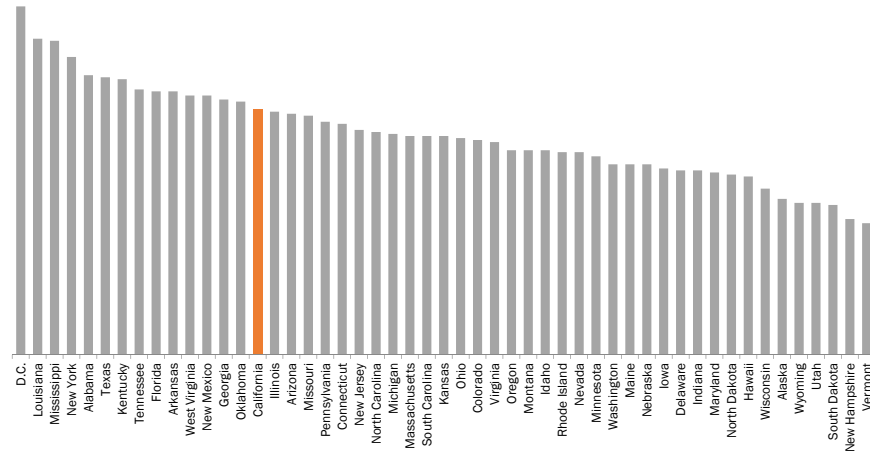
Household\* Gini Coefficient, 1969



Source: US Census

## INEQUALITY: HOW CALIFORNIA RANKS

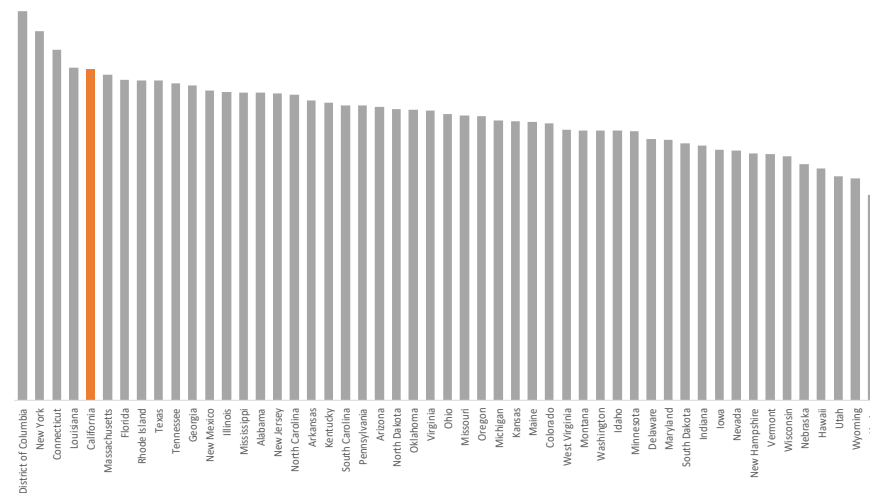
Household Gini Coefficient, 1989



Source: US Census

## INEQUALITY: HOW CALIFORNIA RANKS

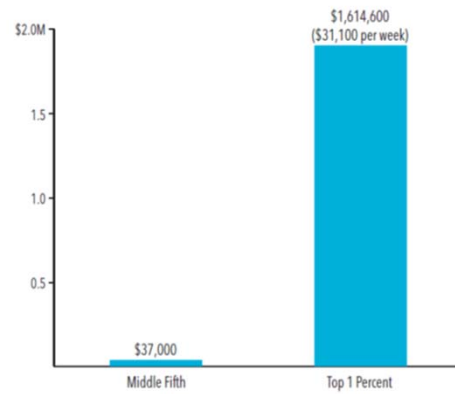
Household Gini Coefficient , 2014



Source: US Census

## CALIFORNIA: ONE PERCENT RUNS AWAY

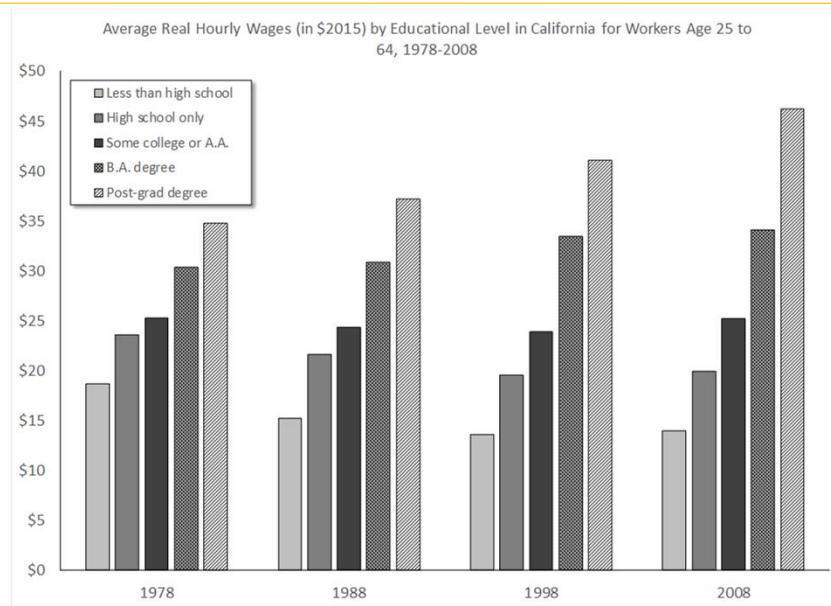
Californians' Average Adjusted Gross Income, 2013



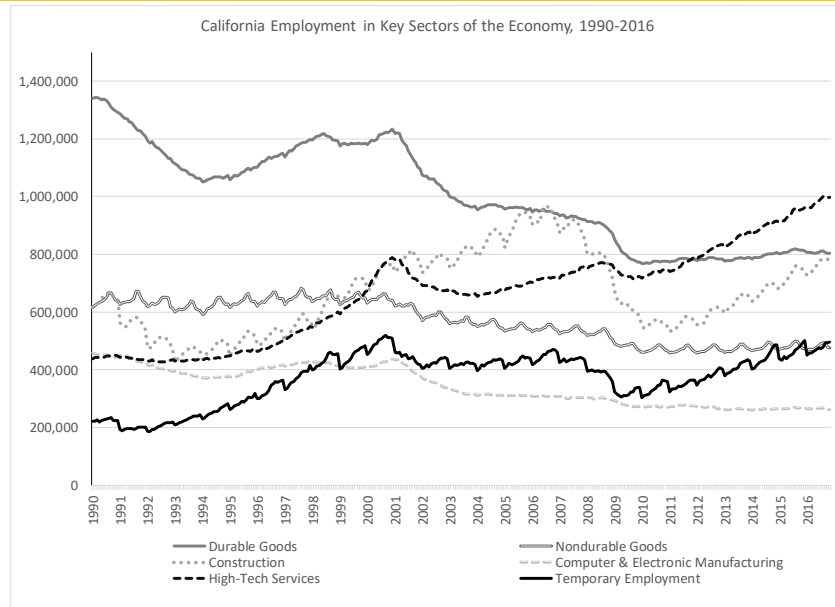
Note: Figures are in 2013 dollars and are rounded to the nearest hundred.  
Source: Franchise Tax Board

Source: California Budget and Policy Center

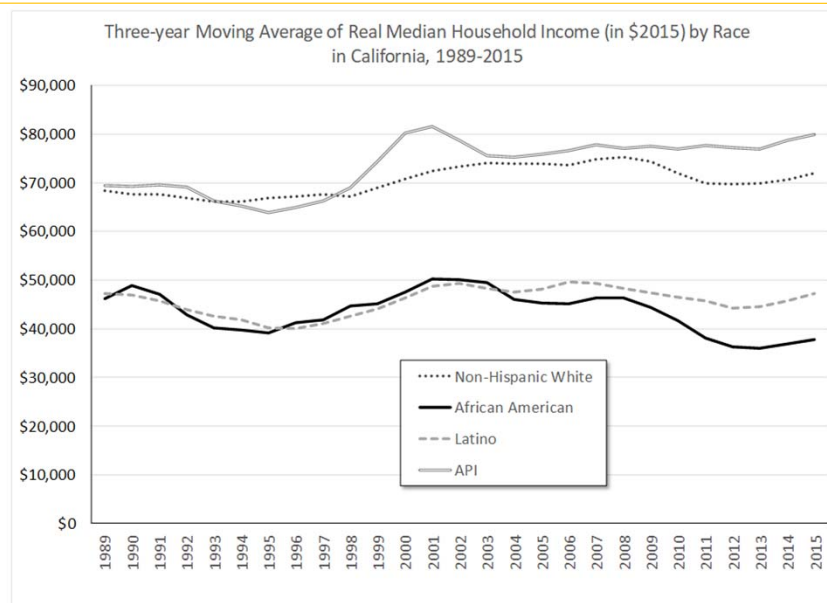
## CALIFORNIA: LABOR MARKET SHIFTS



## CALIFORNIA: STRUCTURAL SHIFTS

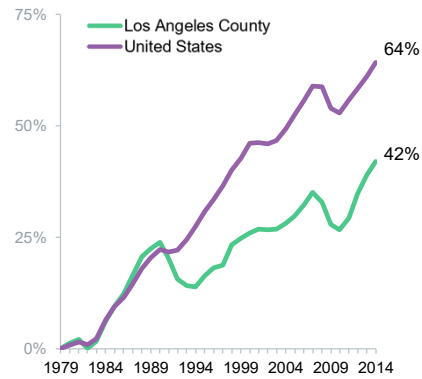


## CALIFORNIA: RACE MATTERS



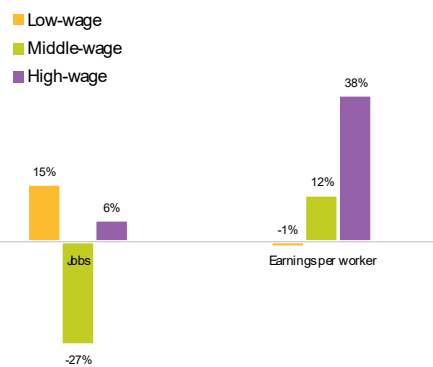
## DRILLING TO LOS ANGELES

Cumulative Job Growth Since 1979



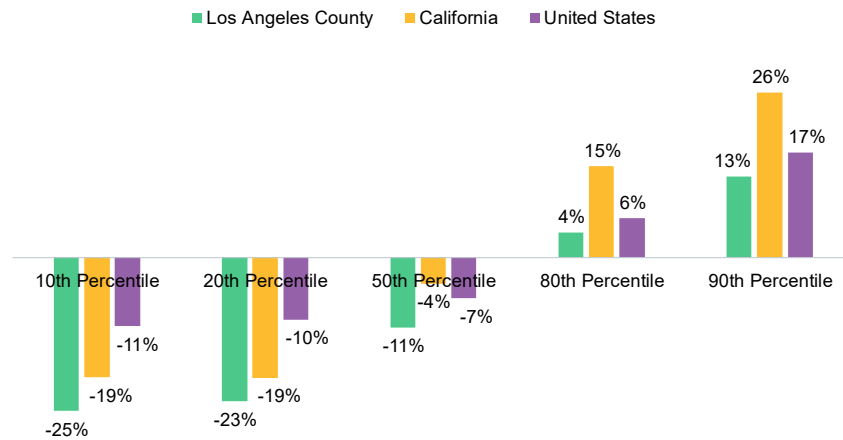
## DRILLING TO LOS ANGELES

Growth in Jobs and Earnings by Industry Wage Level, Los Angeles County, 1990 to 2012



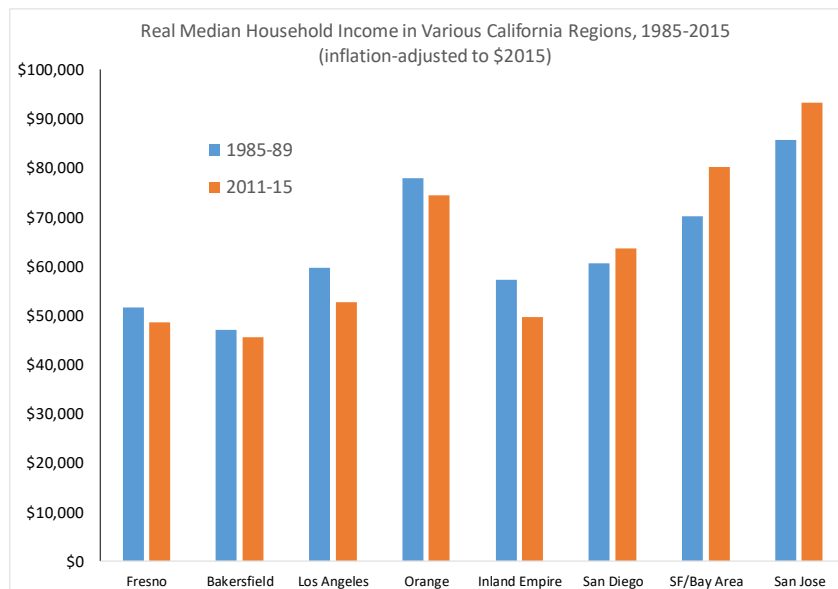
## DRILLING TO LOS ANGELES

Real Earned Income Growth for Full-Time  
Wage and Salary Workers Ages 25-64, 1979 to 2014



Source: Integrated Public Use Microdata Series. Universe includes civilian noninstitutional full-time wage and salary workers ages 25 through 64. Note: Data for 2014 represent a 2010 through 2014 average.

## LOS ANGELES SLIPPING OVER TIME



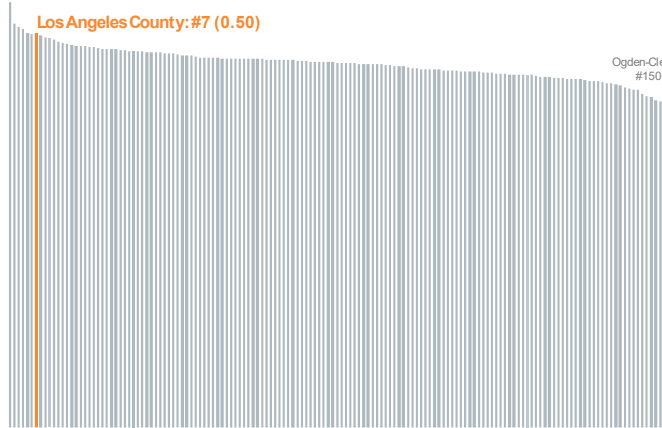
## THE OLYMPICS WE DON'T WANT TO WIN

Gini coefficients (inequality levels) for 2014 for 150 largest metro areas

Bridgeport-Stamford-Norwalk, CT: #1 (0.54)

Los Angeles County: #7 (0.50)

Ogden-Clearfield, UT: #150 (0.40)



Note: Data represent a 2010 through 2014 average. Universe includes all households (no group quarters).

## WORKING HARD, FALLING BEHIND

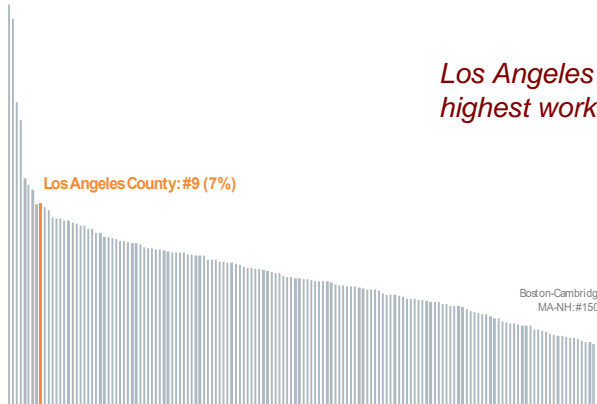
Working poverty rates for 2014 for 150 largest metro areas

Brownsville-Harlingen, TX: #1 (14%)

Los Angeles County: #9 (7%)

*Los Angeles County has the 9<sup>th</sup> highest working poverty rate*

Boston-Cambridge-Quincy, MA-NH: #150 (2%)

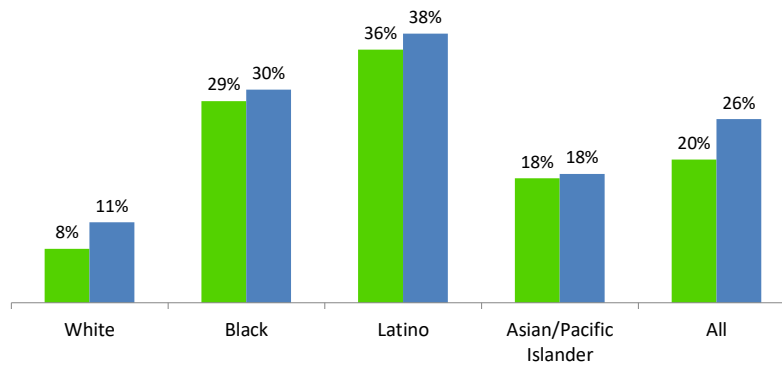


Note: Data represent a 2010 through 2014 average.



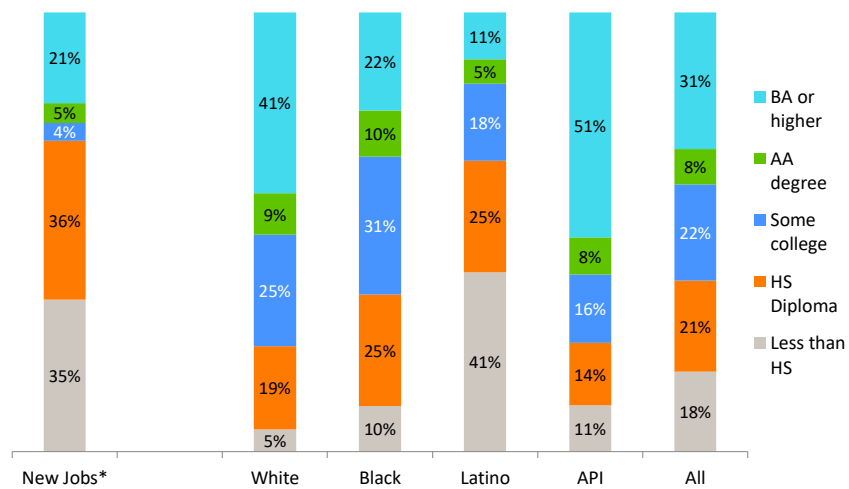
## PERSISTENT RACIAL GAPS

Percent of Families Living  
Below 150 Percent of the Federal Poverty Line by Race/Ethnicity  
Los Angeles County  
■ 1990 ■ 2010-2014



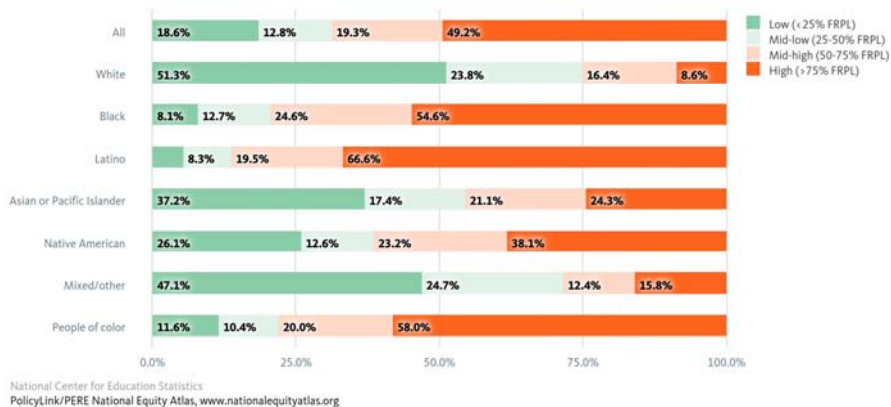
## REPRODUCING RACIAL GAPS

Educational Requirement for New Jobs in California and  
Educational Attainment (of Adults 25-64) by Race/Ethnicity  
Los Angeles County 2010-2014

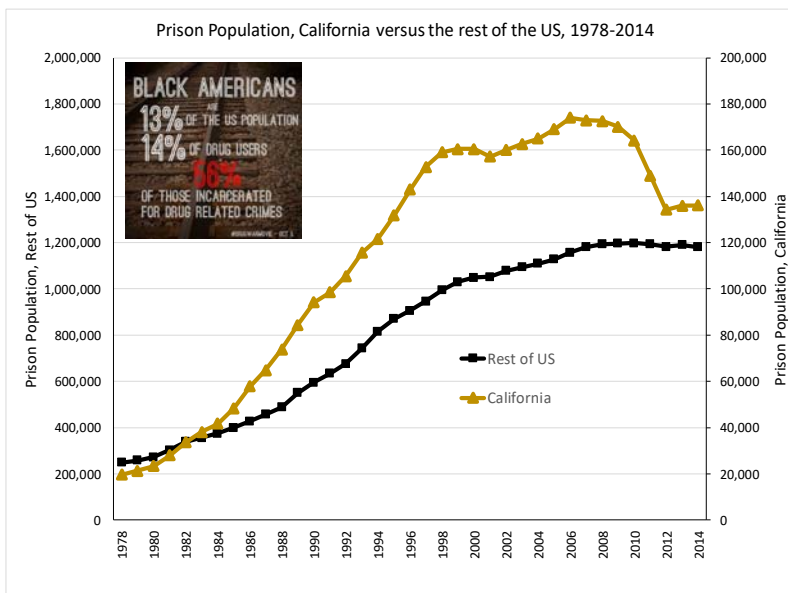


## REPRODUCING RACIAL GAPS

Percent of students by school poverty level, as defined by the share of students in the school eligible for free- or reduced-price lunch (FRPL): Los Angeles-Long Beach-Santa Ana, CA Metro Area, All public schools, 2014



## ANOTHER LABOR MARKET CHALLENGE



## AN UNCERTAIN ECONOMY

Work is increasingly **precarious** – temporary, part-time, changing

Work is increasingly **creative** – innovative, talent-driven, teamed

Work is increasingly **caring** – not in treatment of workers but in the object of their efforts



And we will need to reconsider links between:

- Work and **income**
- Work and **meaning**
- Work and **security**

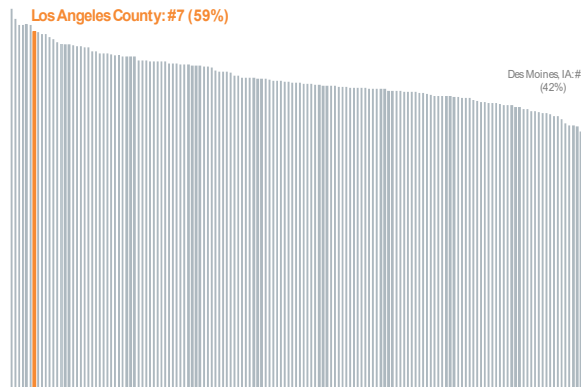
## AND THE RENT IS TOO DAMN HIGH . . .

Share of Households that are Rent Burdened, 2014: Largest 150 Metros Ranked

Miami-Fort Lauderdale-Miami Beach,  
FL: #1 (63%)

Los Angeles County: #7 (59%)

Des Moines, IA: #150  
(42%)



*Los Angeles  
County ranks  
near the top for  
rent-burdened  
households  
compared with  
other regions*

Note: Data represent a 2010 through 2014 average. Universe includes renter-occupied households with cash rent (excludes group quarters).

## THINKING NEW: EQUITY AND GROWTH

Conventional wisdom in economics says there is a trade-off between equity and efficiency.

But, new evidence shows that regions that work **toward equity** have **stronger** and **more resilient** economic growth.



Source: [http://storage.googleapis.com/northwestern-images/stockphoto\\_images/sub\\_page/75\\_picture.jpg](http://storage.googleapis.com/northwestern-images/stockphoto_images/sub_page/75_picture.jpg)

USC PERE | November 2013 | 24

## EVIDENCE: EQUITY AND GROWTH



Even the Federal Reserve Bank of Cleveland found that that **racial inclusion** and **income equality** matter for growth.

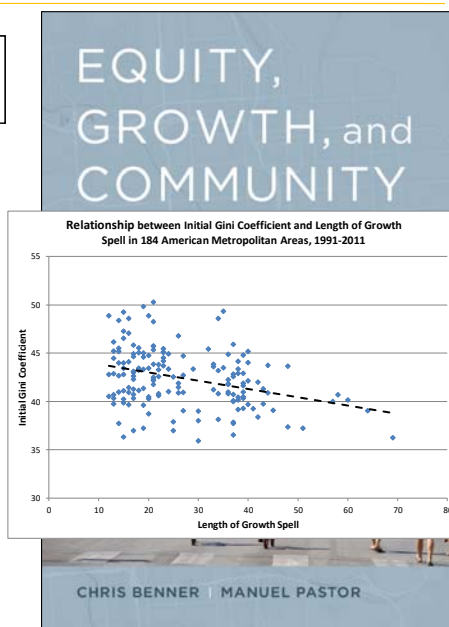


Image Sources: <http://www.gamit.co.uk/kye-images/Guardian/FB/pic/reserve2009/204123500211963/ben-bernanke-chairman-of-003.jpg>, [http://blog.usni.org/wp-content/uploads/2010/11/Fed-logo\\_trans.png](http://blog.usni.org/wp-content/uploads/2010/11/Fed-logo_trans.png), [http://www.benjaminfranklin.com/gallery/gallery\\_federal\\_reserve.jpg](http://www.benjaminfranklin.com/gallery/gallery_federal_reserve.jpg)

## EVIDENCE: EQUITY AND GROWTH

We have developed these ideas further in . . .

Using **model** from **IMF**, we look at what predicts **length of employment growth** for 200 metros, 1980-2010 – **inequality & social distance** are key **dragging factors** on sustained growth.

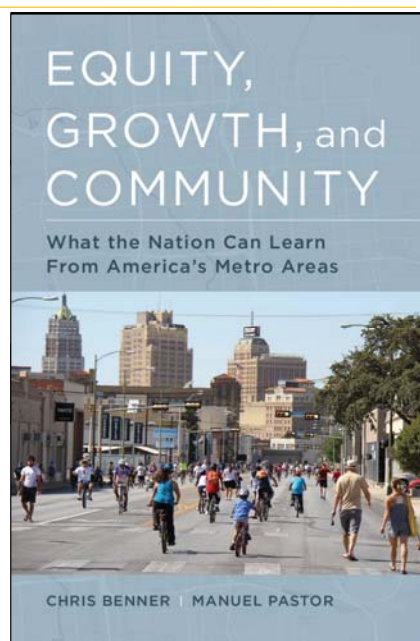


## EVIDENCE: EQUITY AND GROWTH

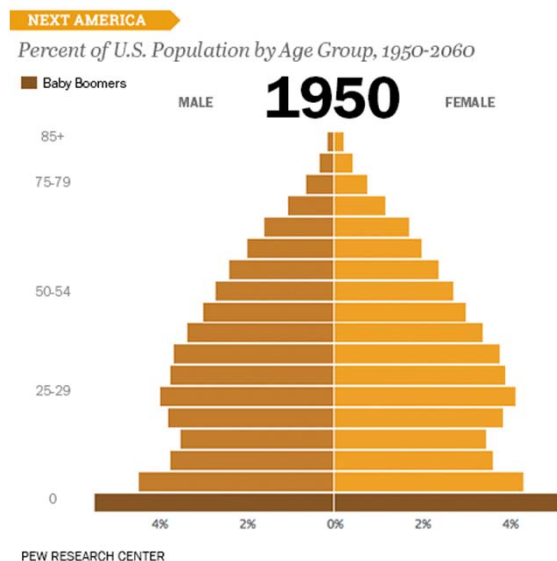
We have developed these ideas further in . . .

We also did 11 case studies and found that:

- **Knowing together** creates a higher possibility of **growing together**.
- **Conflict** is an important part – and not antithetical – to **collaboration**.



## AND WHY SO IMPORTANT NOW?



<http://d3j5vwomefv46c.cloudfront.net/photos/large/847889448.gif?1397145494&maxX=740&maxY=704>

## IMPLICATIONS FOR POLICY



- Drive the **top**: Support the **driving sectors** of the economy, especially **creative industries**, **advanced manufacturing**, and **logistics**
- Grow the **middle**: Support **workforce development** with a focus on **community colleges** and **re-entry efforts**
- Lift the **bottom**: Support business through **minimum wage** increases, strengthen **immigrant integration**, build **housing** and **stabilize rents**

## IMPLICATIONS FOR LEADERSHIP



- Build **empathy** & civic will, stressing that **equity** is **fundamental** not an add-on



- Develop **equity indicator** projects internally & externally to gauge **progress & accountability**



- Expect **challenges** on the way – the moral arc may bend toward justice but someone has to pull hard

## FOR MORE . . .



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