



**ECONOMIC**  
ROUNDTABLE

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315 West Ninth Street, Suite 502  
Los Angeles, CA 90015

# COUNTER-INAUGURAL

## The Widening Divide

Clockshop

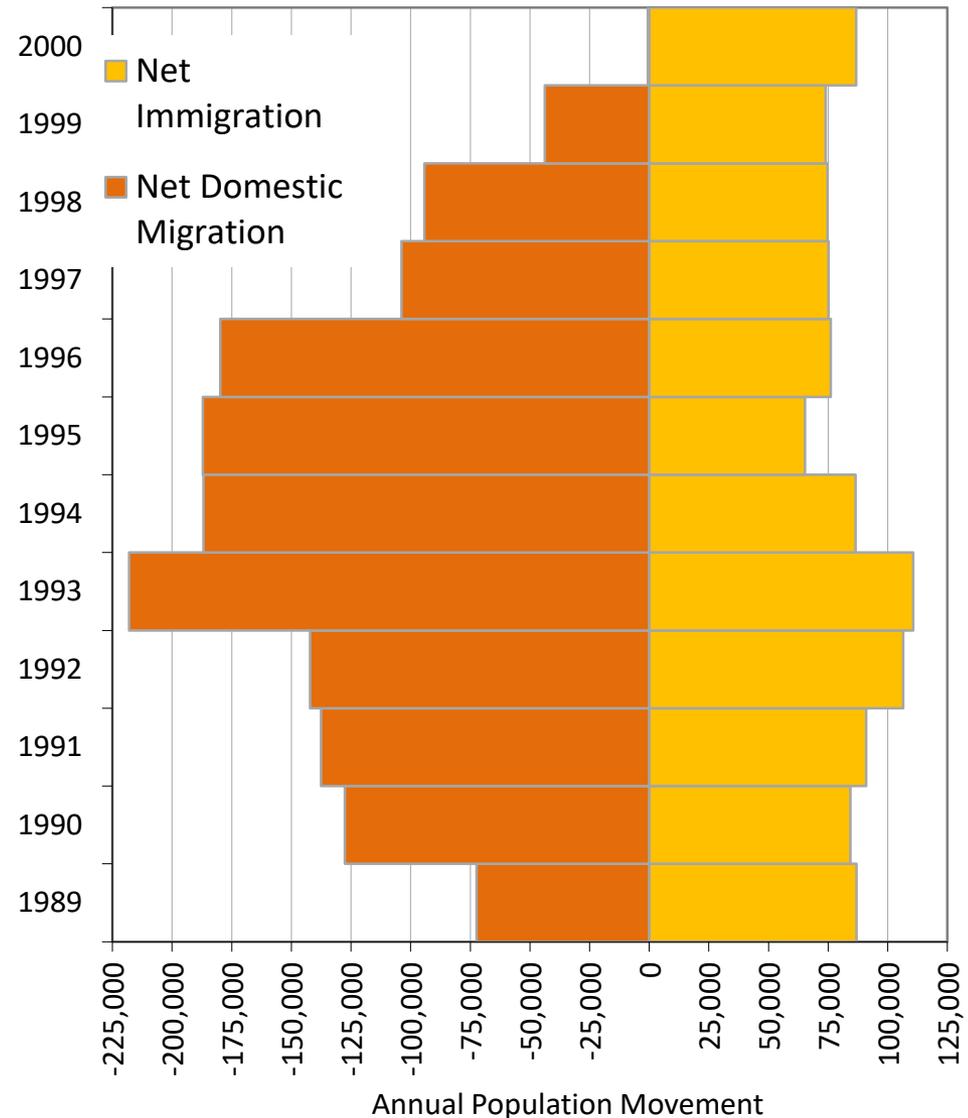
April 4, 2017

## Changing of the guard

- Aerospace began collapsing in 1989.
- LA lost 240,000 aerospace jobs and a similar number of subcontractor jobs
- Between 1989 and 2000:
  - Net out-migration of 1,494,000 LA County residents
  - 1,018,000 immigrants from other countries moved to LA
- Immigrants saved LA from becoming another Pittsburg
  - Today, 35% of LA County residents are immigrants
  - 57% of residents speak a language other than English at home



## Population Movement Accelerated in LA County After Aerospace Collapsed

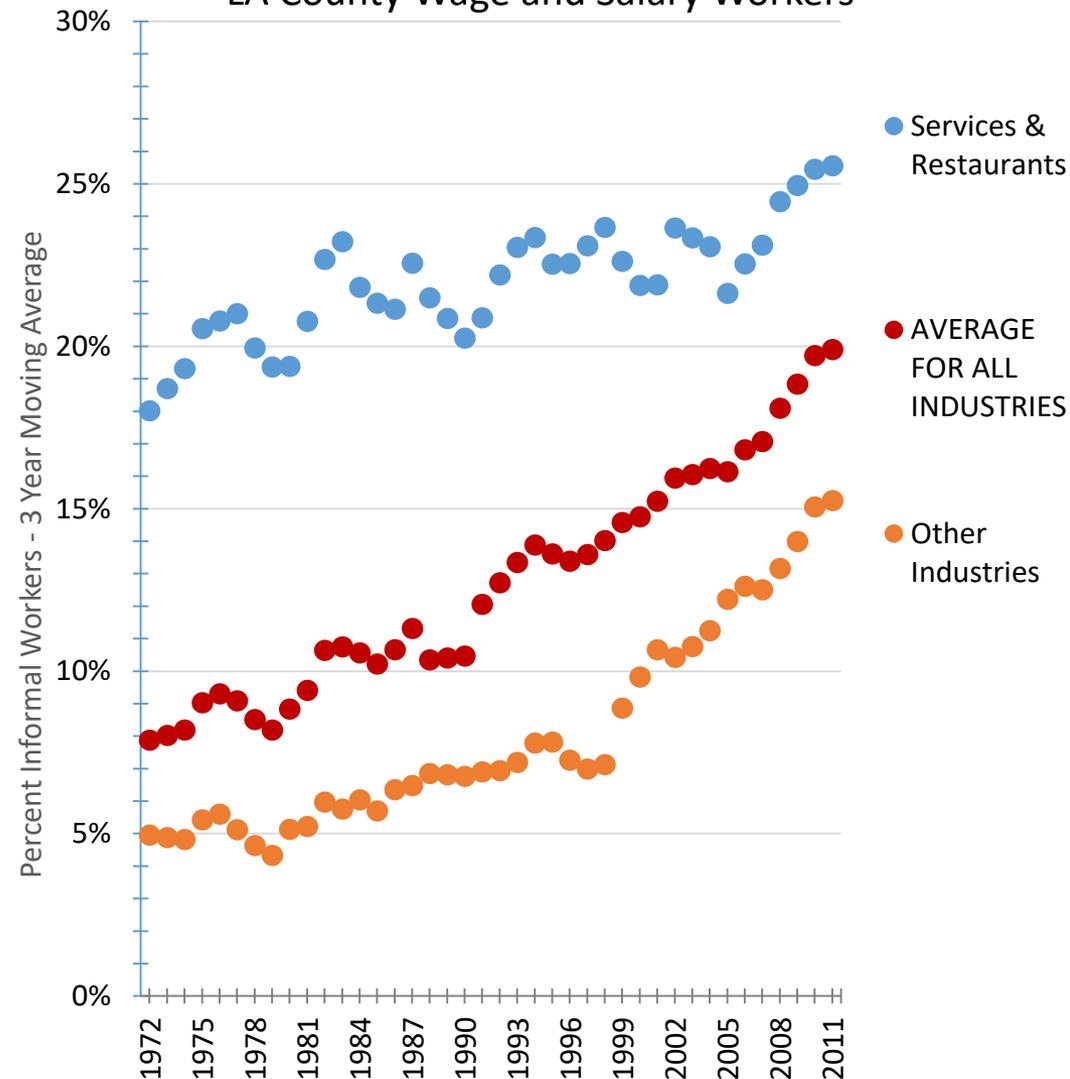


## A fifth of LA County's wage and salary jobs are estimated to be informal

- Economic desperation is the driver
- Employers are often predatory
- Roughly 950,000 workers
- Roughly 70% are immigrants



### Estimated Rate of Informal Employment among LA County Wage and Salary Workers

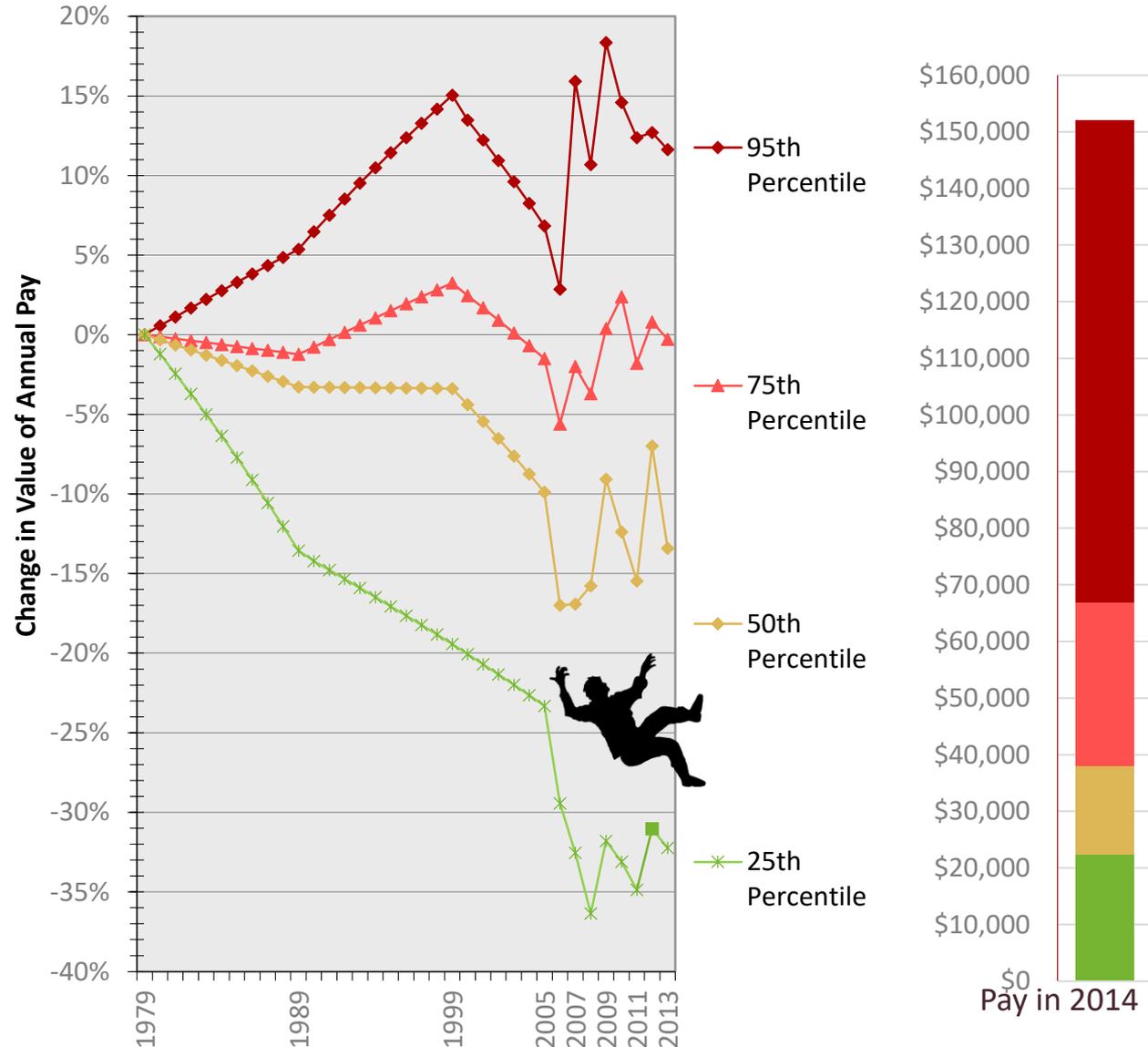


## Workers at the 25th percentile of LA's wage ladder have lost 32% of their buying power over the past 35 years

- Everyone below the 75th wage percentile has lost buying power
- LA's cost of living is 37% higher than the national average.



## Eroded Value of Wages



Sources: Public Use Microdata Sample records from the 1980 to 2000 decennial censuses, and from the 2005 to 2013 American Community Surveys. Wages adjusted to 2014 dollars. Data is for residents of the City of Los Angeles who are fulltime wage and salary workers. Full-time employment is at least 35 hours a week for at least 50 weeks a year.

## Poverty is not a static condition for most people. It's a reoccurring crisis from unpredictable and volatile household incomes

- 29% of Americans experience poverty over a 2-year period
- Income volatility is more prevalent and episodes of poverty more frequent as income decreases



Americans Experiencing Poverty Over 2 Years



## Pricing out the poor

- LA has the most departures
- Many have jobs as truck drivers, cooks and cashiers
- Texas is the leading destination
- Fewer low-wage workers who do the things that we depend on every day
- More professionals coming here

## Population Movement 2005-2015



Net out-migration of  
800,000 California  
residents close to poverty



Net in-migration of  
20,000 residents  
earning \$100,000+

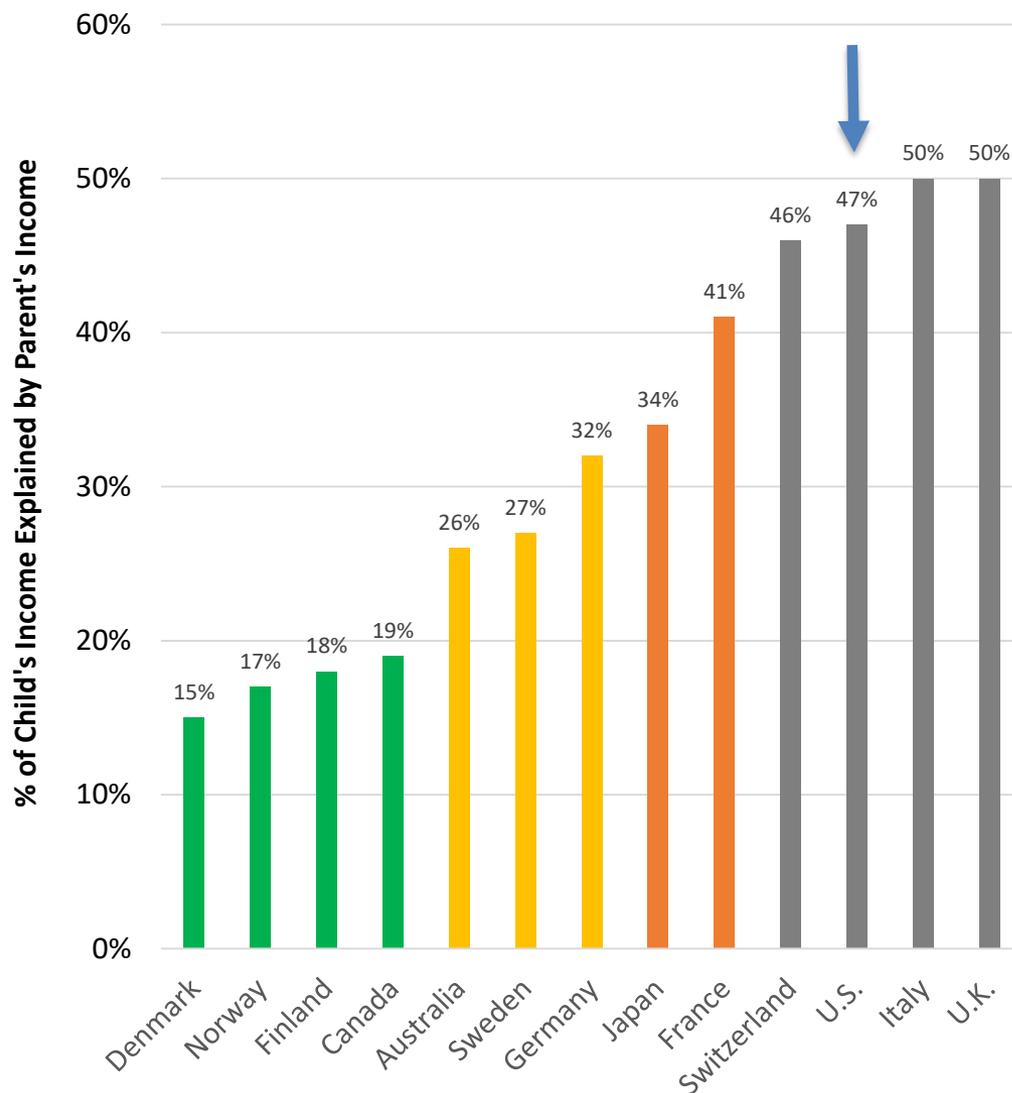


**In the U.S., family background has about the same influence as individual effort and hard work in determining children's incomes when they become adults**

- Do we want a future in which our children are only half way free to build a better life for themselves?

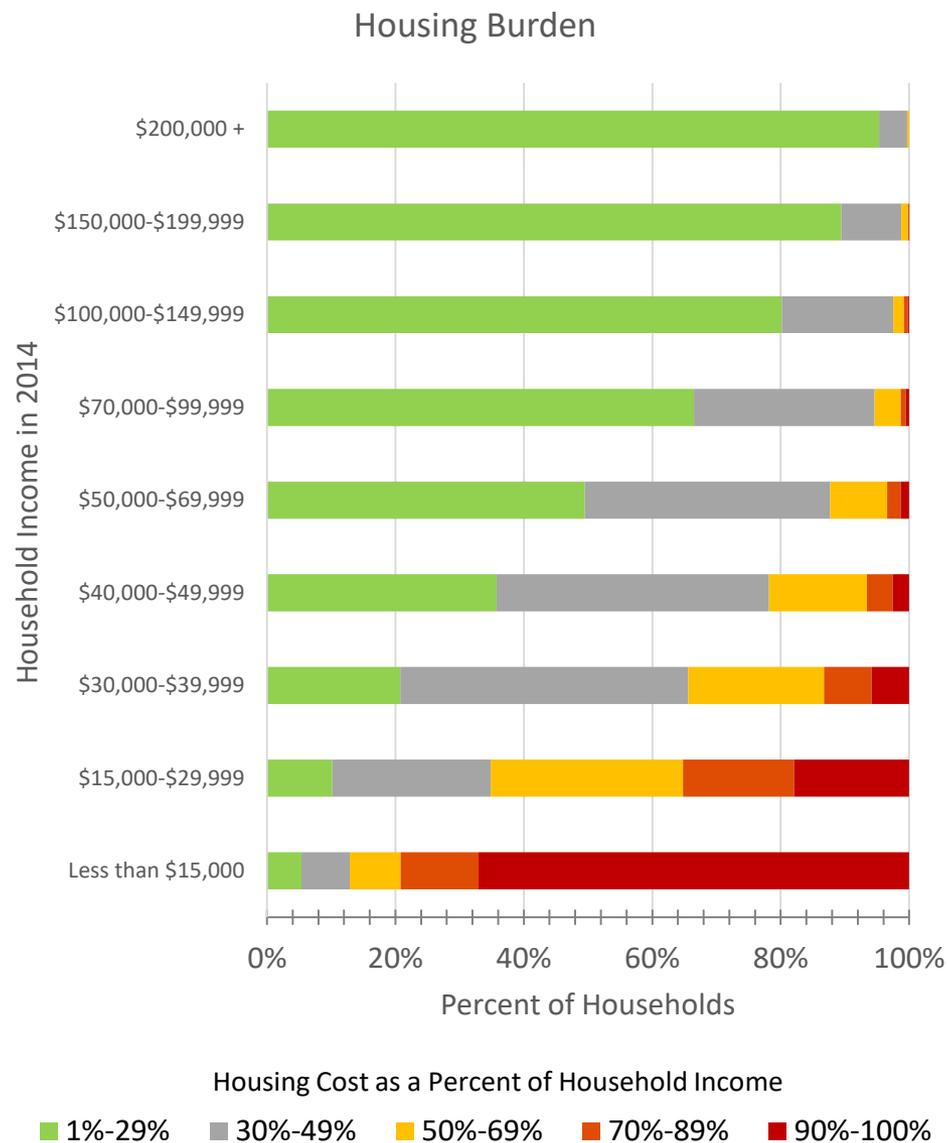


**Intergenerational Earnings Elasticity**  
*The share of adult income status determined by family background. A lower number means more mobility*



## A majority of households with incomes under \$70,000 pay over 30% of income for housing and are cost-burdened

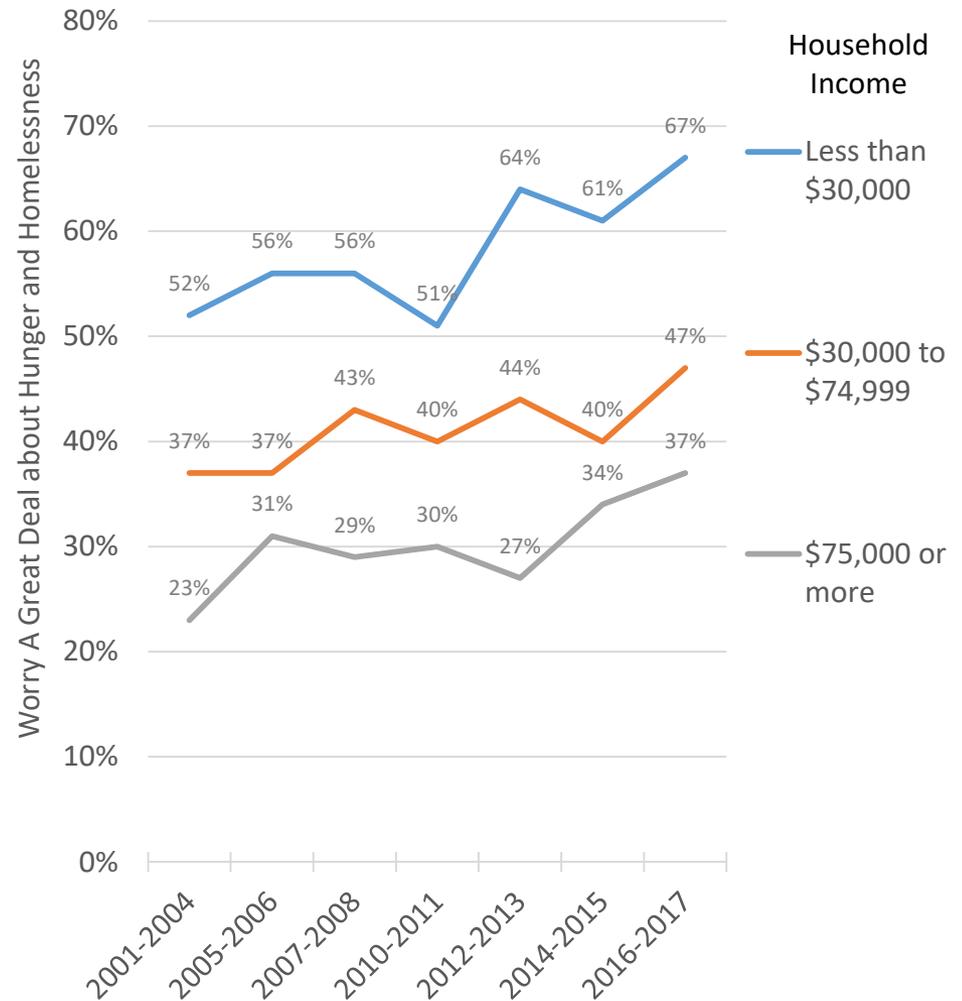
- 4/5 of very poor households pay over 70% of their income for housing
- Homelessness is just a month away if income drops



## 2/3 of lower-income adults worry a great deal about hunger and homelessness

- Surprisingly, 37% of people with incomes over \$75,000 worry a great deal about homelessness

### Worrying a Great Deal about Hunger and Homelessness



## CONCLUSION

- To varying degrees, most Los Angeles residents experience wage stagnation, pay more than they can afford for housing, worry about their children's futures, glimpse the threat of poverty, and worry about homelessness.
- These burdens and threats fall most heavily and most frequently on the immigrant poor, Latinos and African Americans.
- The future of Los Angeles will be decided by the future of the children of immigrants.
- The question for all of us is, what concrete action can we take to make Los Angeles a fairer, more equitable and more inclusive home for the workers we depend on in our daily lives?