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Governor Brown Ignores State's Poverty Crisis

BY KERRY JACKSON

In Gov. Jerry Brown's California, all is nearly well. He led off his State of the State address with an assurance that "California is prospering." He bragged about jobs created and personal income growth on his watch, and congratulated lawmakers for the public confidence he says has been inspired by their legislating.

In reality, though, California continues its descent into madness.

Consider:

California's grim poverty statistics persist. One in five Californians is indigent, according to the latest figures. Shouldn't this be a problem that the governor would want to begin to solve during his last year in office? It's a better legacy than a bullet train that isn't going to provide affordable, reliable transportation options.

It is, admittedly, a daunting task. California's 20.4 percent poverty rate under the Census Bureau's Supplemental Poverty Measure is the nation's highest. While the rate has fallen since the measure was developed early in the decade, when nearly one-fourth (23.8 percent) in the state were below the poverty line, it still indicates that 8 million residents are impoverished. Obviously not all of California is prospering, especially the Central Valley.

Part of the problem is public policy. Government efforts have not only failed to reduce poverty, they have likely exacerbated the problem. The perverse incentives created by anti-poverty programs have institutionalized poverty for many, and have fostered a dependence on government that has become generational for some families.

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Other factors that contribute to California's poverty troubles are housing and utility costs so steep they leave many unable to afford other necessities.

Meanwhile, Brown continues to push forward with High-Speed Rail with apparently little regard for its unrealistic expectations.

The cost of first section, 119 miles of track being built here in the Central Valley, has increased from \$6 billion to \$10.6 billion. If costs increase this much over the entire project -- can anyone guarantee they won't? -- it will cost about \$92 billion rather than the roughly \$68 billion figure that was most recently cited. It's not too soon to declare the project a budget-busting debacle.

High taxes are also a big problem. Even with Proposition 13 in place, three of the 12 major metropolitan areas with the highest property taxes in the country are found in California: San Jose (second at \$5,705 a year), San Francisco-Oakland (fourth, \$4,957) and Los Angeles (12th, about \$3,700).

"As a high tax state, this is not surprising, but California has often been characterized as a low-property tax state (due to Proposition 13)," Wendell Cox, senior fellow at the Center for Opportunity Urbanism, writes at newgeography.com. "California's far higher property values drive its larger tax bills."

And why are property values so high? In part, due to the policy-driven housing crisis.

Speaking of the housing crisis, the just-released 14th annual Demographia International Housing Affordability Survey found that six of the 10 least-affordable housing markets in the world are in California.

"California has the most ominous housing market trends in the United States," says the report, compiled by professors from the London School of Economics, and "prospects appear to be particularly bleak." That's because there's no interest in a real solution.

Given these realities, it's no wonder why California is leaking. According to U-Haul, which calculates "the net gain of one-way U-Haul truck rentals entering a state versus leaving a state during a calendar year," California is "the biggest net-loss state." Residents are moving to states where taxes are lower, regulation lighter, housing is cheaper, roads are better, and businesses aren't vilified. This should concern the state's policymakers. Apparently, it does not.

Officials are worried that the wealthy will leave because of the higher federal taxes they might have to pay for living here. Call it the "California penalty." But whatever it's called, it could be solved by cutting the tax burden in the state with the nation's highest income tax rate. Legislative Democrats, however, have taken the opposite road and proposed a "tax justice" scheme -- a \$15-\$17 billion corporate tax hike that would make our companies less competitive and threaten jobs.

Such a radical idea should have sent out shock waves. But it didn't. Instead the response from many was simply, "Forget it Jake, it's California."

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