INTRODUCTION TO CALIFORNIA'S
ECONOMIC MOBILITY FOR LOW-WAGE WORKERS

This project examines the factors influencing economic mobility for low-wage workers in California. The intent is to highlight opportunities and challenges that exist for the next Governor of California in creating a state where all workers have the power to advance economically.

This research will inform a suite of resources shared with gubernatorial candidates and their staff, along with leaders of relevant state agencies and departments. The first set of resources is a series of fact sheets assessing the most critical information on four core systems surfaced in our research. These interconnected systems impact workers and communities across the state.

In addition to the **four interconnected systems**, this research also examined four drivers of change impacting economic mobility for low-income workers. Additional factors taken into consideration were equity, job quality, fiscal responsibility, and how deeper community engagement may improve policy development, implementation, and adaptation.

INTERCONNECTED SYSTEMS



DRIVERS OF CHANGE

- Artificial Intelligence
- Climate and Energy
- Federal Changes
- Affordability

DEFINITIONS TO KNOW

→ *Low-wage worker*

Anyone working in a job that pays "less than two-thirds of the median full-time wage in California[1]." In 2024, the median hourly wage in California was $27.38[2] and therefore the "low-wage worker" threshold is jobs that pay less than $18.25.

→ *Economic mobility*

When a person's lifetime income is higher than that of their parents after inflation adjustment[3].

→ *Quality job*

A job that offers a living wage ($36.38/hour[4]), basic benefits, wealth building opportunities, career building opportunities, and a fair and engaging workplace.

ECONOMIC MOBILITY AT A GLANCE

-0.2% The average Californian's inflation adjusted wage change in the last year.[5] Since 2019, the lowest real wage growth was in August 2023 at –3.3% and the highest was in January 2021 at 6.9%.[6]

4.3M Low-wage Workers in California[7]

6% Increase in the cost of childcare since before the pandemic[8]

88% Higher housing cost than the rest of the country[9]

54% Higher utility cost than the rest of the country[10]

-9K Change in quality jobs that do not require a bachelor's degree from 2024-2025.[11]

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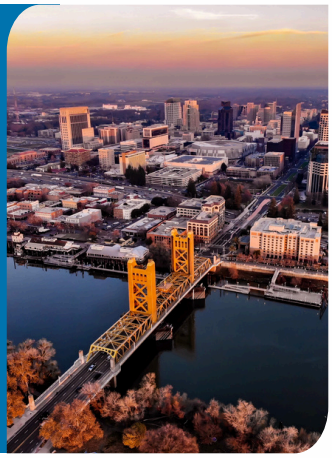
ECONOMIC MOBILITY FOR LOW-WAGE WORKERS

INCLUSIVE ECONOMIC DEVELOPMENT



→ *Why is it important*

Ensures the creation and sustainment of quality jobs for low-wage workers to move into across geographies and communities.

→ *Who is involved*

Governor's Office for Business and Economic Development (GO-BIZ)

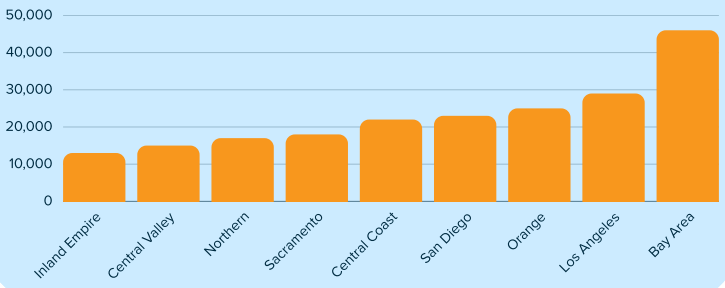
ECONOMIC DEVELOPMENT AT A GLANCE

$4.3T
GDP in 2025
(14% of national GDP)[12]

20.7M
Total Employment[13]

$99.1K
Median Household Income (2024)[14]

Per Capita Personal Income Change[15]
2000-2024



Disparity in personal income growth across regions emphasizes the downfalls of the historical state-down approach to economic development and the need to continue refining and implementing a regions-up approach.

CALIFORNIA JOBS FIRST INITIATIVE MAP



California Jobs First is a $600 million state economic development initiative designed to create good-paying jobs and sustainable, equitable economic growth across 13 distinct economic regions of California.

TOP SIX STATEWIDE EXPORTS[16]



Computer & Electronic Product Manufacturing — **$54.3B**

$17.3B — **Machinery Manufacturing**





Chemical Manufacturing — **$17.2B**

$17.1B — **Transportation Equipment Manufacturing**





Crop Production — **$15.9B**

$11.1B — **Food Manufacturing**



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ECONOMIC MOBILITY FOR LOW-WAGE WORKERS

WORKFORCE DEVELOPMENT



→ *Why is it important*

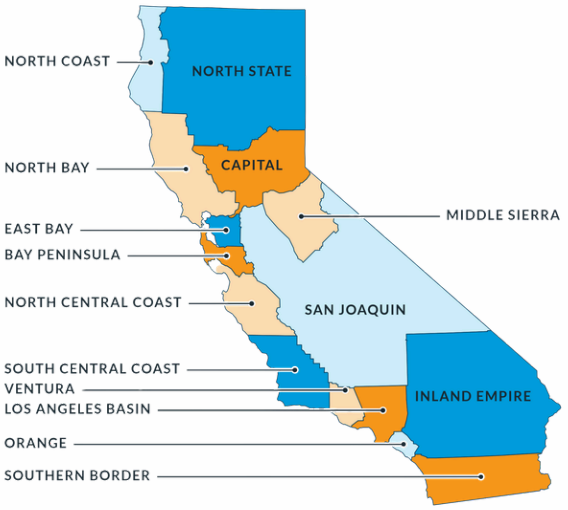
Ensures access to relevant training across geographies and communities for low-wage workers to gain the skills that enable them to move into high-wage, quality jobs.

→ *Who is involved*

Labor and Workforce Development Agency, California Community Colleges, and California Department of Education

REGIONAL PLANNING UNITS

The 15 Regional Planning Units are a requirement under the federal Workforce Innovation and Opportunity Act to facilitate regional planning. They Include:



→ *45 Workforce Development Boards*

Local boards guide programming through a two-tier structure: a policy board made up of elected officials, and a regional workforce planning board that is mandated to have a minimum of 51% employer representation.

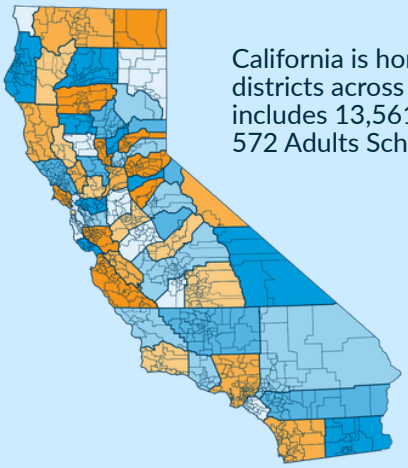
→ *182 federally funded American Job Centers operated by the Workforce Boards*

AJCCs serve as an in-person resource centers for job seekers to gain resume support, interview practice, and more. A 2022 study found that job seekers that received support from an AJCC earned an average of $946 more than job seekers who found work without the help of an AJCC.[17]

WORKFORCE DEVELOPMENT AT A GLANCE[18]

62%	5.3%	18M
Labor Force Participation Rate	Unemployment Rate	Non-farm Jobs

TK-12 SCHOOL DISTRICTS



California is home to 1,124 school districts across 52 counties, and includes 13,561 TK-12 School and 572 Adults Schools.

COMMUNITY COLLEGES



California's 116 Community Colleges are grouped into 8 Regional Consortium that foster regional collaboration.

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ECONOMIC MOBILITY FOR LOW-WAGE WORKERS

WORKER RIGHTS & PROTECTIONS



→ *Why is it important*

Ensures fair labor standards that protect low-wage workers from exploitation, promote economic security and dignity, and create a level playing field for employers.

→ *Who is involved*

Labor and Workforce Development Agency, California Civil Rights Department, and Attorney General and Department of Justice

WORKER RIGHTS & PROTECTION AT A GLANCE

47K	Backlogged Wage Theft Claims[19]
6x	Longer to process a case than mandated in the law[20]
2	Industry-specific Minimum Wages[21]

→ *What's at stake*

From the rollout of Artificial Intelligence — especially large language models — to the growth of the gig economy, to the evolution of collective bargaining, the workforce environment is experiencing a cataclysmic shift. The next governor will need to think strategically about how worker rights and protections can safeguard workers and support economic mobility, while making it easier for employers to understand, comply with, and adapt to California's labor laws.

ECONOMIC SECURITY



→ *Why is it important*

Ensures low-wage workers have basic needs met so that they can attend training and seek economic mobility.

→ *Who is involved*

Health and Human Services Agency, Housing and Homelessness Agency, Public Utilities and Energy Commissions

> ***While real wages in the 90th percentile have risen nearly 50 percent since 1980, real wage growth has been sluggish at the median and below. Once inflation is accounted for, median wages for California workers have only risen around 7 percent since 1980, and wages at the lower end of the distribution have risen even less.***[25]
>
> ***-Berkley Economy and Society Initiative***

ECONOMIC SECURITY AT A GLANCE

1.1M	At risk of losing Medi-Cal[22]
$10k	Average annual cost per family supported through Housing Support Services which offers services like Emergency Rental Support[23]
$35.5k	Estimated annual cost per person experiencing chronic homelessness[24]

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INTRODUCTION TO CALIFORNIA'S ECONOMIC MOBILITY FOR LOW-WAGE WORKERS

CRITICAL FOCUS AREAS



INCLUSIVE ECONOMIC DEVELOPMENT

- What does strengthening the state's economic development function look like with multiple programs spread across multiple agencies?
- How can the next governor enable regional and sector-based strategies for quality job development?
- What mechanisms can the state use to balance economic growth, housing, and climate?



WORKFORCE DEVELOPMENT

- What does the next governor need to do to align education, workforce, and industry to ensure the workforce is prepared for the future economy?
- How can updated and integrated data systems improve access to resources for Californians, and produce better outcomes measurement?



WORKER RIGHTS & PROTECTIONS

- How can strategic approaches to the enforcement of fair labor standards improve the protection of low-wage workers and create a level playing field for employers?
- What immediate steps must be taken to ensure the integrity of existing worker rights and protections laws through more reliable enforcement?



ECONOMIC SECURITY

- How will changes at the federal level impact benefits access for Californians, especially Medi-Cal, and what should the next governor do to address that?
- How can the state strengthen safety net mechanisms and low-income tax credits that enable economic stability and mobility?

ABOUT US

→ *About Capital Impact*

Capitol Impact is a social impact consulting firm that is dedicated to forging a better future for all Californians. To achieve this mission, the firm partners with visionary leaders across the social sector to advance practical solutions to California's most pressing challenges.

→ *About This Project*

This project is supported by The James Irvine Foundation.

INTRODUCTION TO CALIFORNIA'S **ECONOMIC MOBILITY** FOR LOW-WAGE WORKERS

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