

Median income slips in California

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American incomes rose modestly between 2006 and 2007, but in California, the typical household lost ground slightly, according to census data released Tuesday, one of several economic indicators that may be a cause for worry as the economy takes another dip, some analysts say.

"I think we should be concerned," said Stanford University economics Professor John Taylor, who is a fellow at the conservative Hoover Institution. "California has been hit by the financial and housing crisis more than most states, that's for sure, and the unemployment rate has risen over the last year and a half."

In fact, the median household income in California in 2007, adjusted for inflation, was lower than at its peak in 2000, noted Jean Ross, director of the liberal California Budget Project in Sacramento.

"This is bad news for California," Ross said. "You would expect that at the end of a six-year expansion, incomes would have moved higher. Instead, we're going into the next downturn from a lower point than where we started at the beginning of the decade."

Higher median

In the famously affluent Bay Area, the median household income is higher, and the poverty rate lower, than in the state or the nation, according to census estimates.

Pleasanton, in eastern Alameda County, ranks No. 1 among small cities in the country in median household income, an estimated \$113,000. San Francisco and San Jose are in the top five large cities in median income.

"There is tremendous wealth in California, and there are pockets of California that have continued to do extraordinarily well," said Ross. "That's part of the story of income inequality that continues to widen in California."

Pockets of wealth can obscure the pockets of poverty, analysts say, in parts of San Francisco, Oakland, Richmond, San Jose and in more agricultural areas on the outer edges of the Bay Area.

The poverty rate for the Bay Area is just over 9 percent, substantially lower than the 12 to 13 percent for the state and the nation.

But the cost of living in the Bay Area is much higher than in other parts of the country. The federal government's poverty threshold for a family of four is \$21,200, and that figure is not adjusted for the region's higher cost of living.

A family in Imperial County - the poorest corner of California - might be able to get by on \$21,000, while a similar family in San Francisco would have little income left over after paying rent, observed Deborah Reed, director of research at the nonpartisan Public Policy Institute of California.

"The fact that it's so expensive to live in San Francisco doesn't mean we don't have low-income people as part of our community," Reed said. "People who work as housecleaners and busboys in the city tend to live in other places. San Francisco's low poverty rate doesn't mean the city is doing all the right things. It could mean that San Francisco is too expensive for poor people."

Holding steady

California's poverty level has held steady at about 12.5 percent for the past several years, added Reed, and it is substantially lower than during the recession of the 1990s, when it peaked at 18 percent. But compared with 30 years ago, the state's poverty rate is higher.

"Poverty goes up when the economy is bad," said Reed. "Then it takes a couple of years of growth to see poverty going down."



Nationally, the poverty level has also stayed steady, but the number of children in poverty jumped by 500,000 from 2006 to 2007 to 13.3 million kids, census data show.

The Children's Defense Fund in Washington called the figures "unconscionable" and "appalling," and said in a statement released Tuesday, "If we worked to eradicate child poverty, it would improve the lives of every one of us."

While income inequality dipped slightly from 2006 to 2007, 2006 represented the highest level in the 40 years that inequality has been measured by the bureau, said Ed Welniak, chief of income surveys at the U.S. Census Bureau.

The new income and poverty data suggest a need for new policies, said Stanford's Taylor, who is an economic adviser to Sen. John McCain's presidential campaign.

"We need to create more jobs and have policies that encourage firms to hire people here as opposed to moving jobs elsewhere," he said. "We need to get opportunities to people in areas that are still struggling. Education is part of it, but so are jobs."

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To learn more

For more information on the U.S. Census Bureau's 2007 income, poverty and health insurance coverage data, go to www.census.gov.

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<http://sfgate.com/cgi-bin/article.cgi?f=/c/a/2008/08/27/BAPU12IP12.DTL>

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