



Los Angeles on the Edge Part I:

An Analysis of Health and Income Data from the U.S. Census Bureau

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The data released today by the U.S. Census Bureau reveal that Los Angeles County is the capital of the uninsured, with more uninsured residents than any county in the nation. The data also reveal high levels of income inequality in the county and extremely low wages for many workers in 2008, the first year of the global recession. However, the data released today do not fully capture the impact of L.A. County's economic downturn, which intensified in the latter part of 2008 and in 2009. But the bottom line is that many county residents have little to fall back on, making this recession particularly devastating for the region. Next week, on September 29, the U.S. Census will release data on poverty that will shed more light on how families and individuals were faring in 2008.

Key Findings

An estimated 2.2 million L.A. County residents lacked health insurance in 2008. L.A. County has more uninsured residents than any county in the nation, and L.A. city has more uninsured residents than any city besides New York. In L.A. County, 22.3% of residents lacked health insurance, compared to 17.8% in California and 15.1% in the nation.

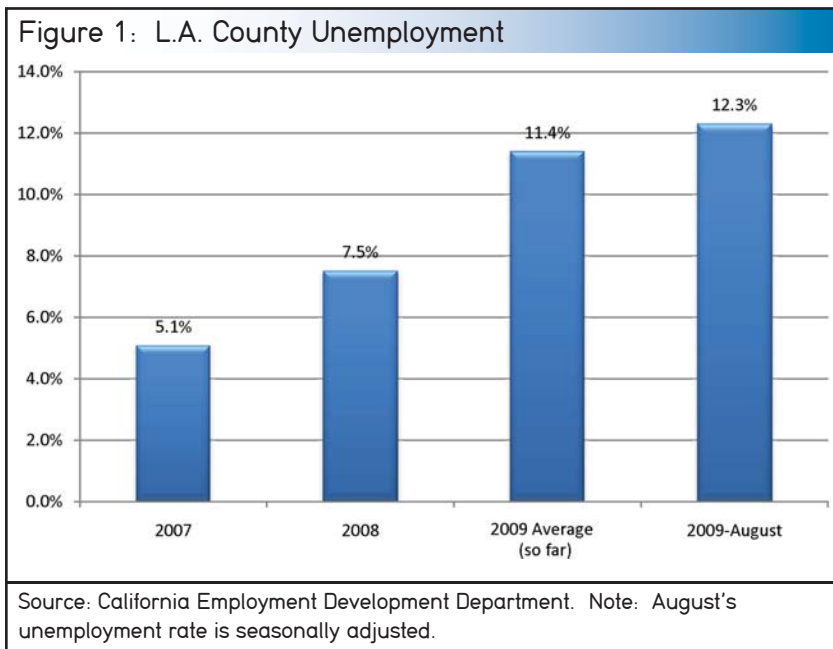
L.A. County is characterized by extremely high levels of income inequality. The 20% of households with the highest incomes claimed more than half of all the income in the county, while the lowest-earning 20% received 3.1% of the pie. Of the five largest California cities, Los Angeles had the highest levels of inequality.

Even those who work full time struggle to make ends meet. Nearly 30% of L.A. County's 3,287,667 full-time workers earned less than \$25,000 per year in 2008.

Real (inflation-adjusted) median income for L.A. County residents—at \$55,499-- remained stagnant between 2007 and 2008, with no significant change. Wages from work also remained unchanged.

Today's Data in Context

A glance at L.A. County unemployment rates situates today's data release in context. Between 2007 and August 2009, unemployment increased by 7.2 percentage points, from an annual average of 5.1% in 2007 to 12.3% in August 2009. The increase in unemployment of 2.4 percentage points to 7.1% from 2007 to 2008 captures only a third of the total



rise in unemployment over the course of the downturn so far. (See Figure 1.) Furthermore, most of the job loss in 2008 occurred in the second half of the year and may not be captured by the American Community Survey, which asks respondents to report income from the last 12 months. In short, the data are most useful when viewed as a snapshot of the region on the brink of a major downturn.

Today's data also paint a picture of the first year after the 2000-2007 business cycle, a period characterized by lackluster job growth and declining incomes nationally. In spite of rising productivity (meaning workers were working faster and smarter), U.S. workers' incomes did not keep pace with the cost of living. In fact, they fell slightly.¹

1. Heidi Shierholz, "New 2008 Poverty, Income Data Reveal Only the Tip of the Recession Iceberg," Economic Policy Institute, Washington D.C., September 10, 2009.

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Health Insurance

There are 2,176,295 Los Angeles residents who lacked health insurance in 2008. The vast majority of them (83%) are between 18 and 65. Indeed, 29.2% of working age L.A. County residents have no insurance. The current insurance system serves children better since they can benefit from public programs. But, even so, 12.9% of children are uninsured. Only 3.3% of the elderly lack health insurance, a testament to the Medicare system. (see Figure 2). In L.A. County, 22.3% of residents lack health insurance, compared to 17.8% in California and 15.1% in the nation.

The city of Los Angeles has a higher proportion of people lacking health insurance than the county, with more than one in four (26.2%) lacking any form of health insurance. Indeed, there are about one million people in the city (988,324) who have no health insurance. More than one in three (33.9%) working age city residents lacks health insurance. The city of Long Beach fares better than Los Angeles County, although 87,688 city residents have no health insurance, almost one in five residents or (18.8%).

Los Angeles County has more uninsured residents than any county in the nation. Of the top 10 counties in terms of the number of uninsured, five of them are in Southern California. The city of Los Angeles has more uninsured residents than any city apart from New York.

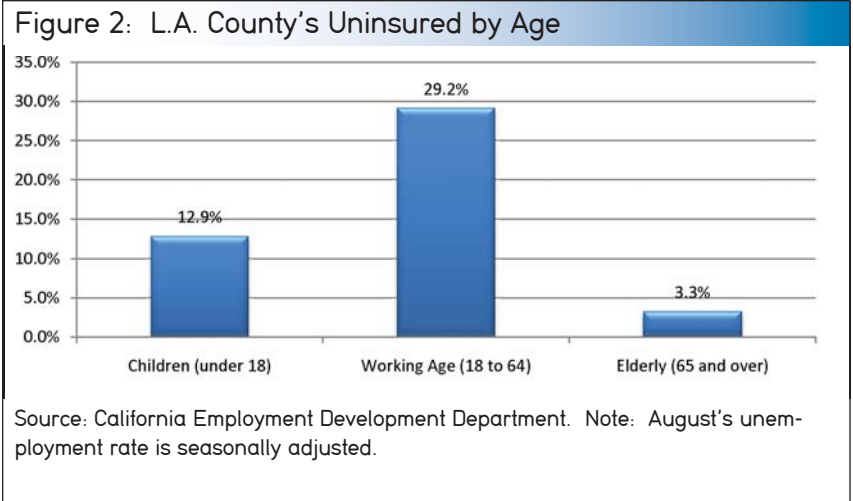


Table 1: Number of Uninsured Residents by County

	County	Number of Uninsured
1	Los Angeles County, California	2,176,295
2	Harris County, Texas	1,067,571
3	Cook County, Illinois	849,746
4	Maricopa County, Arizona	740,430
5	Dallas County, Texas	735,164
6	Miami-Dade County, Florida	662,621
7	Orange County, California	509,409
8	San Diego County, California	503,385
9	Riverside County, California	433,816
10	San Bernardino County, California	399,232

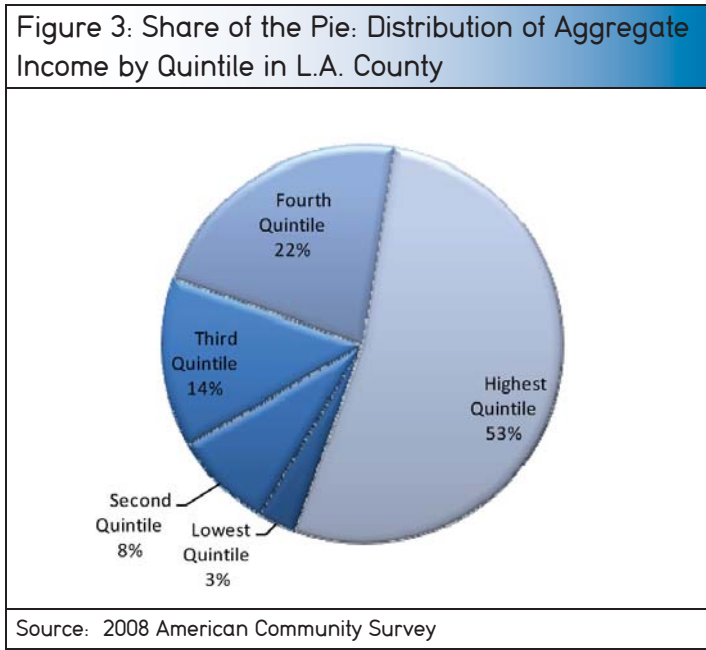
Source: 2008 American Community Survey

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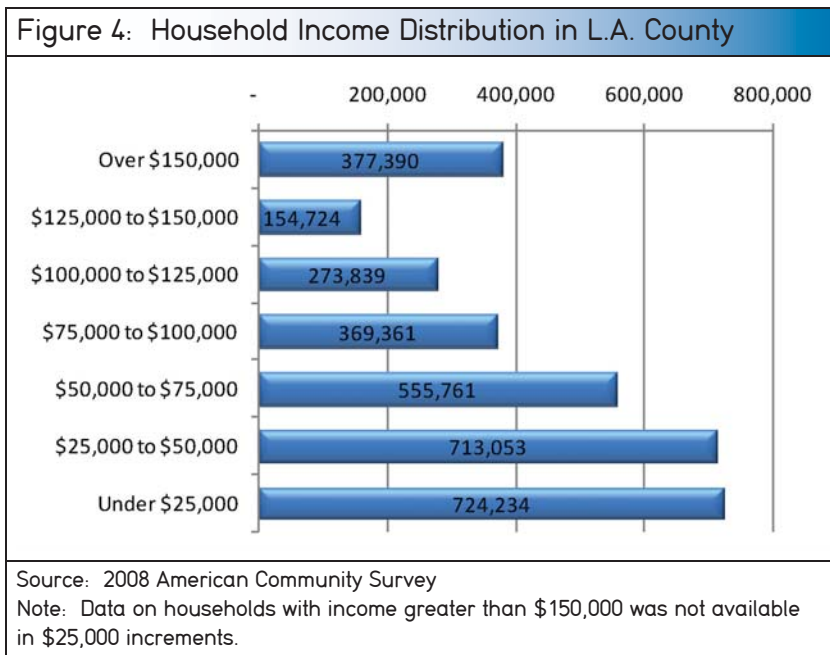
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Earnings and Income in L.A. County

L.A. County had high levels of income inequality in 2008. The 20% of households with the highest incomes claimed more than half of all income in the county, while the lowest-earning fifth received 3.1% of the pie. The top 5% of households, meanwhile, claimed almost a quarter (25.1%) of all the income in the county. Income inequality in L.A. County is higher than that of the state and nation, and of the five largest California cities, the city of L.A. had the highest level of inequality, as indicated by the Gini coefficient,² which was 0.538 for the city.



There are large concentrations of households with lower incomes and diminishing numbers as household income rises. Among the region’s households, 45% have annual household incomes less than \$50,000. Only 29% have annual household incomes between \$50,000 and \$100,000, and 14% have incomes between \$100,000 and \$150,000.



2. The Gini coefficient assigns a higher number the more unequally income is distributed. A measure of 0 indicates perfect equality, while a 1 indicates inequality, i.e. one person has all of the income.

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The typical L.A. County household had an income of \$55,499 in 2008, compared to \$61,021 for the state and \$52,029 for the nation. L.A. County’s median household income in 2008 was not significantly different the county’s median household income in 2000. The median is the point at which half the household incomes are higher and half are lower. Real (inflation-adjusted) median income increased by a mere \$35 over 2007, a statistically insignificant amount. Household income includes wages from employment, stock dividends, self-employment income and public assistance (as well as other sources of income).

Almost 30% of L.A. County’s full-time workers earned less than \$25,000 per year, well below the amount needed to support a family. In the city of Los Angeles, the percentage of those earning below \$25,000 was even higher at 35.2%. In Long Beach, the percentage was 28.5%.

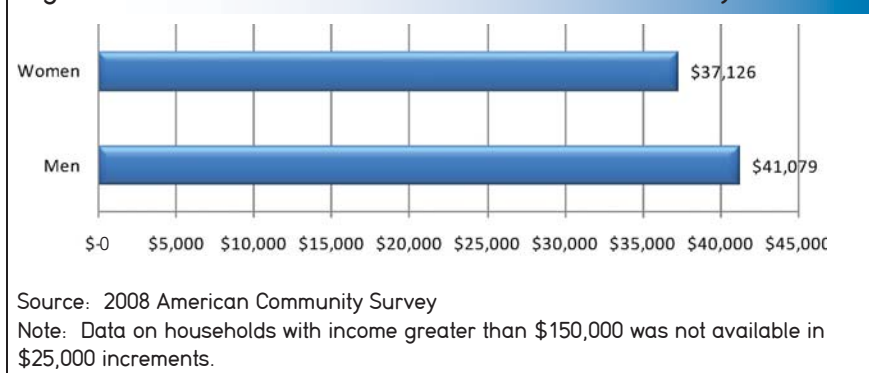
Table 2: Full-Time Workers in L.A. County

	LA County
Workers	7,617,775
Full-time workers	3,287,667
Full-time workers earning less than \$25,000	925,882
Percentage of full-time workers not making \$25,000	28.2%

2008 American Community Survey

The typical worker in L.A. County earned \$29,026 in 2008 and remained stagnant over the previous year. The median earnings for women were significantly lower than those for men, even among full time workers. Women working full time earned 90.4% of what their male counterparts earned in 2008.

Figure 4: Household Income Distribution in L.A. County



Conclusion

The 2008 American Community Survey paints a portrait of a region with millions of uninsured residents, high levels of income inequality and hundreds of thousands of low wage workers. The economic recession has only intensified the hardship experienced by many residents of the county and accentuated the need for effective government action to address the problems posed by an economy that is failing to take care of its residents.