

# » The Great Recession and Poverty in Long Beach

Rebuilding the Economy with Good Jobs



**December 2010**

## The Great Recession and Poverty in Long Beach

Prepared by LAANE

on behalf of the Long Beach Coalition for Good Jobs and a Healthy Economy

**A**ccording to official definitions, the national recession ended last year. Even so, the country is still in the midst of the worst economic crisis in generations.

The release of the American Communities Survey (ACS) data by the US Census Bureau on September 28, 2010 was the first look at the impact of the recession at the local level on such indicators as poverty, income and health insurance coverage.

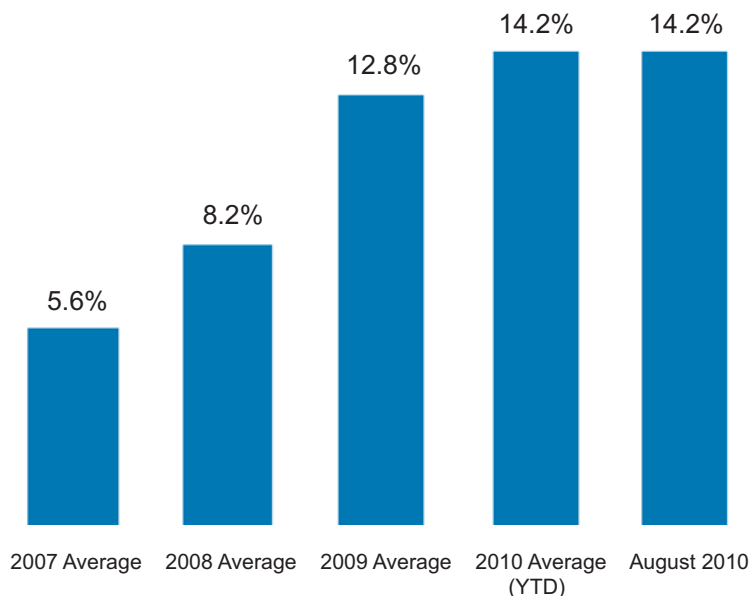
**During this recession, the country experienced the greatest job losses since the Great Depression, and unemployment rates continue to be extremely high.<sup>1</sup>**

California and Long Beach face even higher rates than the nation overall.<sup>2</sup> In August of this year, the unemployment rate in Long Beach was 14% and the UCLA Anderson Forecast projects that California's unemployment rate will not dip below 10% until the end of 2012.

**National trends show that what little job growth is occurring is disproportionately in low-wage sectors, exacerbating already high levels of income inequality.<sup>3</sup>** A closer examination of today's Census data release reveals persistent, structural problems in the regional economy that mirror this trend. In 2006, when unemployment in L.A. County was very low (below 5%), more than one in four workers still lived below 200% of the federal poverty line, which was \$40,000 for a family of four at that time.<sup>4</sup>

*“In 2006, when unemployment in L.A. County was very low (below 5%), more than one in four workers still lived below 200% of the federal poverty line, which was \$40,000 for a family of four at that time.”*

**Figure 1: Long Beach Unemployment**



Source: 2009 California Employment Development Department  
Note: Data for 2010 Average YTD and August 2010 are not seasonally adjusted.

**Without addressing the issue of working poverty, economic recovery for the region will be difficult.** By prioritizing the creation of good jobs, we can rebuild the shrinking middle class and ensure shared prosperity.

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## Poverty in Long Beach

**T**he federal poverty rate in Long Beach was 19.3% in 2009, representing nearly one in five people living in poverty.<sup>5</sup> An estimated 87,465 people lived below the federal poverty threshold in 2009, which was only \$21,954 per year for a family of four. In this report, the poverty threshold is considered to be a measure of extreme need, and will be referred to as “extreme poverty.” The extreme poverty rate in Long Beach is higher than the rate for LA County, California, and the nation. Shockingly, more than one in four children (27.4%) in the city lived in poverty in 2009.

**Over 40% of the population in Long Beach lived in economic hardship in 2009.** 190,144 residents lived below twice the federal poverty threshold or \$43,908 for a family of four in 2009. This report uses that standard as the measure of poverty, because people living below that level in Long Beach do not have enough income to meet their basic needs for housing, childcare, transportation, and the like.<sup>6</sup>

Table 1: Summary of Long Beach Census Data

	Number	%
Residents in extreme poverty (below the federal poverty level)	87,465	19.3%
Residents in poverty (below twice the federal poverty level)	190,144	41.9%
Children in extreme poverty	32,924	27.4%
Children in poverty	66,979	54.8%

Source: 2009 American Community Survey

## Working Poverty in Long Beach

**M**any people were poor even though they were working. More than one in four full-time workers in Long Beach lived below twice the federal poverty level, according to a supplementary analysis of 2008 data, which is the most recent available with this information. This is higher than the rate for California (17.7%) and the nation (16.6%).

Table 2. Full-Time Workers in Long Beach

Workers	351,212
Full-time workers	144,611
Full-time workers earning less than \$25,000	37,137
Percentage of full-time workers earning less than \$25,000	25.7%

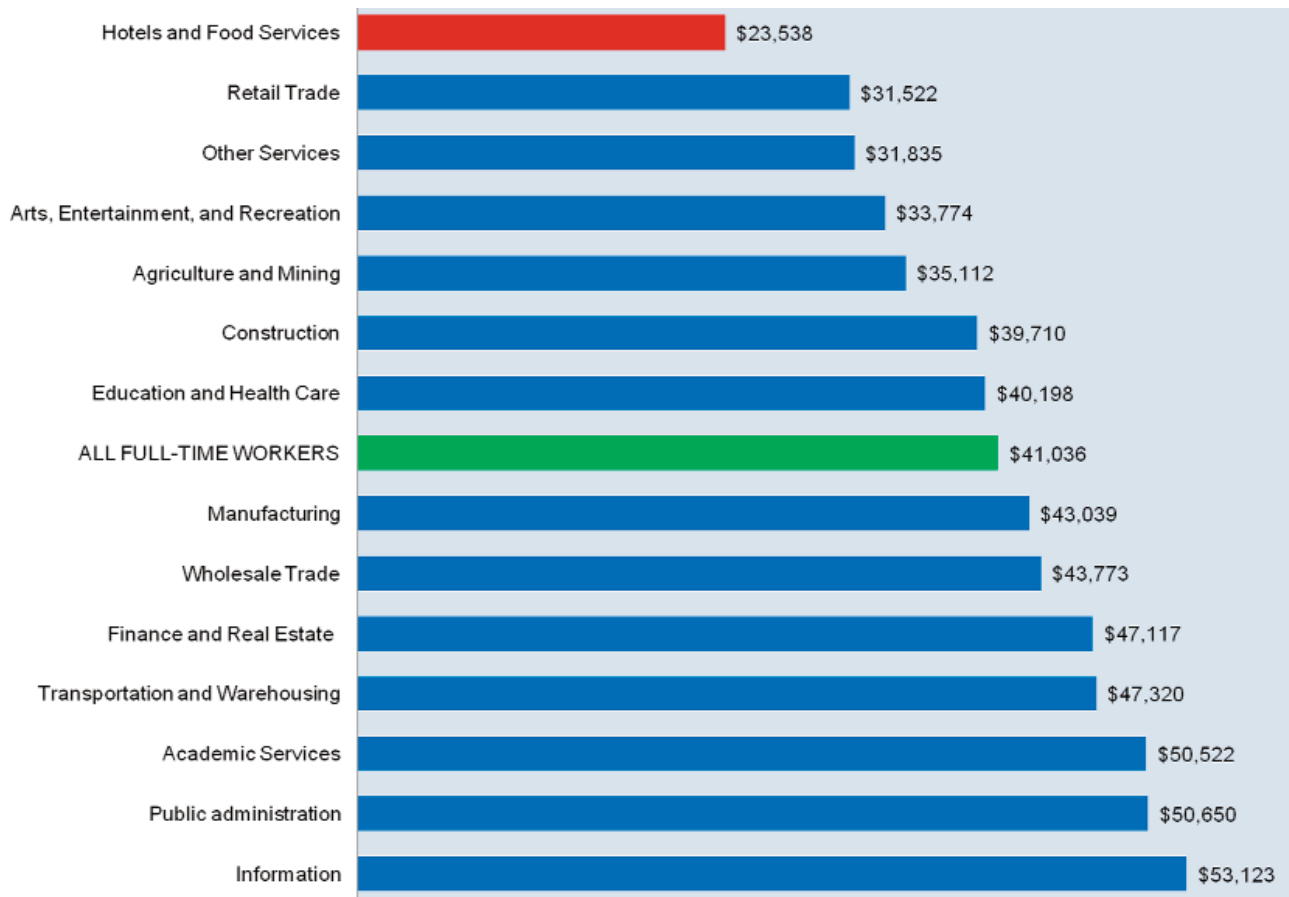
Source: 2009 American Community Survey

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**Many full-time workers don't earn enough to make ends meet.** Nearly 26% of Long Beach's 144,611 full-time workers earned less than \$25,000 per year in 2009.

**Earnings vary significantly by industry.** Median earnings for full-time workers in hotels and food service were substantially lower than for other industries in Long Beach, according to a supplemental analysis of 2005-2008 ACS data. Median earnings for hotel and food service workers were less than \$24,000 per year.

**Figure 2. Median Earnings for Full-Time Workers Living in Long Beach by Industry**



Source: 2005-2008 American Community Survey

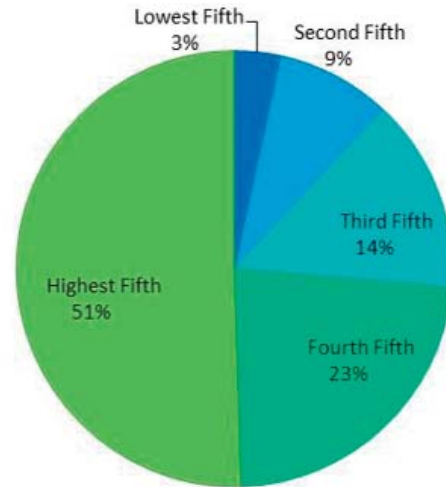
Note: The difference between Hotels and Food Services and all other industries except Arts, Entertainment, and Recreation, is statistically significant at the 90 percent confidence level.

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## High Levels of Income Inequality

**L**ong Beach 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 city, while the lowest-earning 20% received 3% of the pie.

**Figure 3. Share of the Pie: Distribution of Aggregate Income by Quintile in Long Beach**

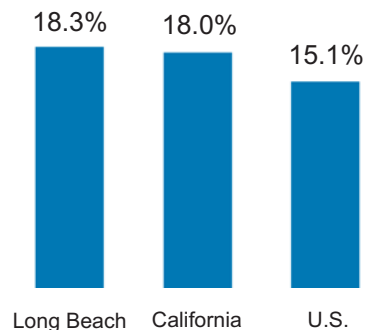


Source: 2009 American Community Survey

## Health Insurance Coverage

**A**n estimated 84,063 Long Beach residents lacked health insurance in 2009. That represents 18.3% of city residents, a higher rate than California (18%) and the nation (15.1%).

**Figure 4. Percent of the Population That is Uninsured**



Source: 2009 American Community Survey

1. Rampell, Catherine, "The Recession has (Officially) Ended," *New York Times* Economix blog, September 20, 2010.
2. CA Employment Development Department (EDD), Economic Policy Institute
3. National Employment Law Project, "Where the Jobs Are: A First Look at Private Industry Job Growth and Wages in 2010," August 27, 2010; and California Budget Project, "Stuck Between a Recession and a Recovery: California's Workers Face the Toughest Job Market in Decades," Sept. 2010.
4. CA EDD, LAANE, "Poverty, Jobs and the L.A. Economy," August 26, 2008.
5. Unless otherwise noted, all statistics in the remainder of the report are from the 2009 American Community Survey, conducted by the U.S. Census Bureau.
6. California Budget Project, "Making Ends Meet," June 2010.