

Work and Economic Insecurity in California

California has one of the world's largest economies, but many working Californians do not feel economically secure—they are struggling to pay bills, absorb financial shocks, save for the future, and balance the demands of work and daily life. Why do so many workers struggle to achieve economic security? We gained insights from statewide economic data and from focus group discussions with financially insecure low- and middle-wage workers from diverse demographic, geographic, and political backgrounds.

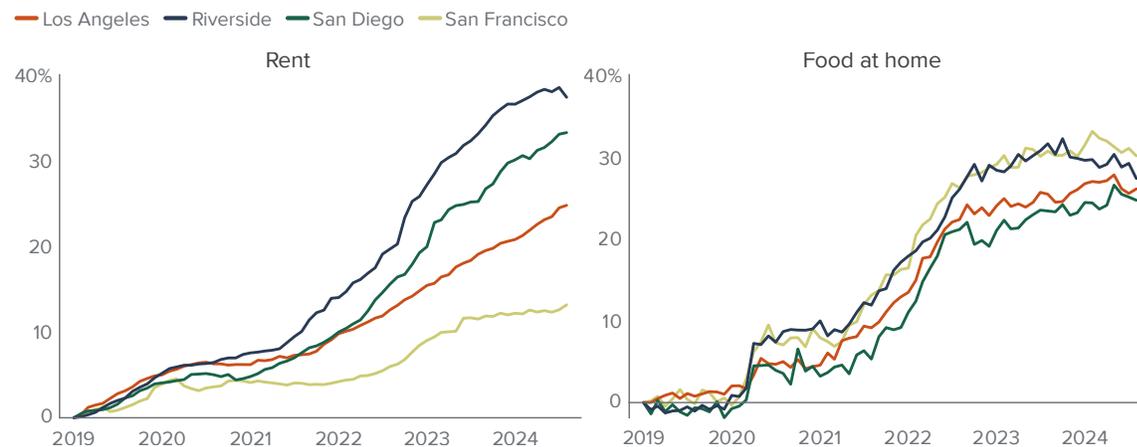
Economic Security Feels Out of Reach for Many Workers

Almost half of California's 12 million prime-age workers earn under \$50,000 per year, and a quarter earn less than \$100,000. While many of the lower- and middle-income workers in our focus groups are working consistently in jobs that they find satisfying (as do many Californians), they also find themselves in a state of economic insecurity. What are the key issues underlying this challenge today?

The cost of essentials has risen sharply. The cost of basic necessities—which make up a large share of spending by lower- and middle-income workers—has risen substantially since 2020: food and rent are up 25% on average, while home utilities and gas are 40% higher. Lower- and middle-income workers also struggle with out-of-pocket health care costs.

Housing and food prices have risen substantially across the state

% change since 2019



Source: Bureau of Labor Statistics, California Department of Finance.

Note: California regions represent the four Core-Based Statistical Areas in BLS geographic sampling for national CPI-U estimates.

Coping with the cost of living can feel like walking a tightrope. Borrowing money can help cover costs, but many workers feel overwhelmed by the amount of debt they hold; student loan delinquencies in particular are rising. Many workers participate in safety net programs, including food assistance and public health insurance, but some focus group participants said their earnings are slightly too high to qualify; others felt that the process of getting and keeping benefits is too onerous.

Family, health, and other personal needs impact work choices. Many focus group participants have made job decisions that allow them to care for household members or deal with their own health issues. Many have considered work opportunities in lower-cost areas in California and elsewhere but have

stayed put because of family and community support—fully understanding that they would continue struggling to make ends meet.

Changing careers or employers carries risk for workers in precarious financial situations. Many workers in our focus groups have considered changing jobs, changing careers, starting businesses, and/or going back to school. Yet few felt confident that they could afford to pursue these strategies or that they would pay off.

Worker Struggles Reflect Recent and Long-term Economic Shifts

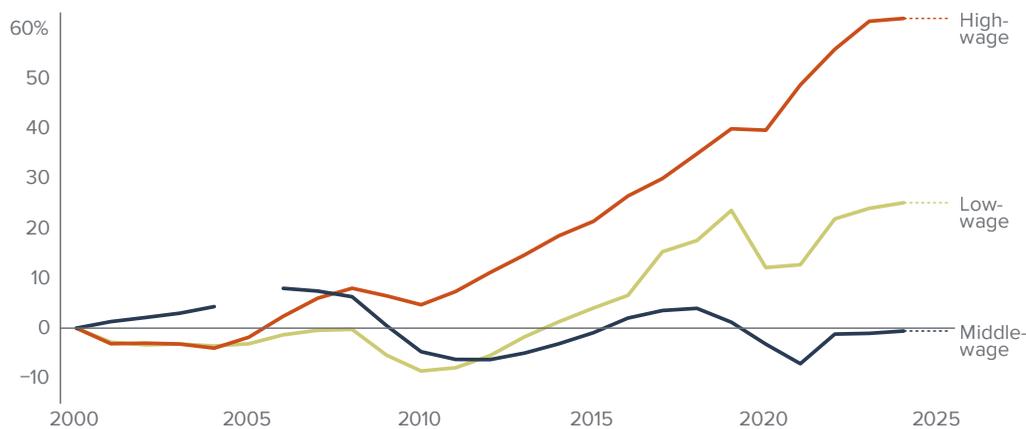
Several years of economy-wide uncertainty have compounded the difficulty of making long-term plans. The pandemic shook up California’s labor market, and while the recovery was quick by historical standards, severe inflation has affected both households and businesses.

For most of 2025, employers have been grappling with uncertainty caused by international tariffs, shifting federal investments, and global tensions. Employers are also rethinking their workforce plans amid the development of AI. In this environment, many workers are hesitant to make job changes. Our focus group participants had doubts about whether investing in training would increase their earnings.

Some of the challenges facing California workers have been long in the making. Because economic growth has not been evenly distributed across industries or regions, opportunities have been unevenly distributed across the workforce.

Low- and high-wage occupations have grown, but middle-wage employment has stagnated

% change in California jobs since 2000



Source: US Bureau of Labor Statistics (BLS) Occupational Employment and Wage Statistics (OEWS) for California, 2000–2024.

Note: Middle-wage occupations for 2005 are excluded due to missing data. Occupations are based on BLS Standard Occupational Classification (SOC) System. “Low,” “middle,” and “high” groupings are based on median annual earnings for occupations. Earnings for some occupations changed over this period, but all occupations remained in the same wage groups. See full report for more detail.

What Can Policymakers Learn from California Workers?

Our focus group participants expressed a deep appreciation for California, but they are clearly engaged in a profound struggle for economic well-being. For them, the challenge feels bigger than it did before the pandemic. These workers might not be able to name specific policy solutions; they simply feel that costs have gotten out of control and have outweighed any wage or other workplace gains they’ve experienced.

There are no easy answers—indeed, California’s leaders have been grappling with cost of living and economic mobility challenges for some time. In the current moment, state policymakers can continue to focus on the costs that weigh most heavily on Californians, as well as improving paths to better pay and helping balance the demands of work and family.

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