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New Report Calls on Local Government To Take Lead in Combating Poverty

Nearly Four Million Residents in L.A. County Qualify for Anti-Poverty Assistance, While More Than Two Million Lack Health Insurance

City Leaders Can Help Create Better Jobs, Restore Economic Security

A new report released today documents the economic upheaval that threatens the stability of the Los Angeles region, and calls upon local government to lead the way in fighting poverty and restoring economic opportunity.

“City at a Crossroads: Poverty, Jobs and the Future of Los Angeles” – a preview of a larger report on how cities across the country can help fight poverty and rebuild the middle class – explores the rising deprivation and inequality that have resulted from the dramatic loss of manufacturing jobs and the growth of the largely low-wage service sector. The report, which was sent to the mayors and other officials of all 88 cities within Los Angeles County, highlights the importance of improving job quality, and outlines the many ways in which municipal government can play a critical role.

“The bad news is that the economy of Los Angeles, like that of much of the nation, has changed,” said Madeline Janis-Aparicio, executive director of the Los Angeles for a New Economy (LAANE). “Hundreds of thousands of good-paying jobs have been lost, leading to the erosion of the middle class and a dramatic increase in working poverty. The good news is that local government can do a lot to restore quality jobs and economic opportunity.”

In January, Los Angeles Mayor Antonio Villaraigosa was chosen to head the Poverty Task Force for the U.S. Conference of Mayors, drawing much-needed attention to the growing population of working poor in urban centers around the nation.

Metropolitan Los Angeles faces a particularly daunting crisis. Almost 3.9 million people—39% of residents—in Los Angeles County are poor enough to qualify for government anti-poverty assistance. The vast majority of these live in working households. Median household income in the county dropped 11% during the 1990s, a period of otherwise strong economic growth throughout the nation.

Even more troubling is that six of the top ten occupations with the most projected job openings in the county over the next half-dozen years will pay less than \$10 per hour, keeping even full-time workers dependent on government programs for their families' basic needs.

The rapid growth of the area's low-wage economy has been accompanied by staggering social costs. Millions in the county do not have health care coverage. One in nine households struggle to put enough food on the table. Skyrocketing rents combined with declining wages have made decent housing increasingly unavailable to tenants, while only 12% of county households can afford to buy a home at the median home price of \$552,760 – down from 38% ten years ago.

“If the shift to low-wage jobs continued unabated, it will erode the tax base while creating a massive drain on public resources,” says Karen Klabin, a researcher and public policy analyst who worked on the LAANE report. “Elected representatives will find themselves in a fiscal straitjacket, unable to meet the needs of the community, much less create a world-renowned city of vision, promise and opportunity.”

While cities are clearly subject to larger economic forces, the report nevertheless asserts that local government has the power to combat poverty and encourage the growth of high-road employment. In their capacity as employer, contractor, investor, economic partner, and supplier of education and services, cities have myriad opportunities to help build a more stable and prosperous economy. The report points to innovative policies – including living wage laws and community benefits agreements that have led to the creation of better jobs and stronger communities -- as a model that local governments throughout the county could emulate.

“The impact that city leaders can have on poverty and restoring economic opportunity is significant,” said Janis-Aparicio. “The time to act is now.”

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