

Center for California Studies, Sac State

[Center for California Studies | Sacramento State \(csus.edu\)](https://www.csus.edu)

FACULTY RESEARCH FELLOWS PROGRAM

Income and Wealth Inequality in California: Potential Policy Solutions

Request for proposals

The Center for California Studies at Sac State has received a grant from the Bill and Melinda Gates Foundation to support policy research on topics related to reducing income and wealth inequality. The following RFP is part of a series intended to inform policy solutions to income and wealth inequality; the series is partially funded through the grant from the Gates Foundation

Project Title

Income and Wealth Inequality and Potential Solutions

Background

Economic inequality has risen sharply since the 1970s in many industrial countries.ⁱ This rise has been particularly pronounced in the U.S, where reliable growth in labor productivity over the past five decades has not translated into corresponding growth in wages, denying most Americans any benefit from this growth and instead enriching the country's already wealthiest citizens.ⁱⁱ As pronounced as this inequality is at the national level, it is even greater in California, where income inequality is among the highest in the country.ⁱⁱⁱ

In recent years, state policymakers have ranked the state's income and wealth inequality as among the state's most pressing problems.^{iv} Bills introduced in the California State Legislature contain hundreds of proposals to address the problem, from a lack of affordable housing to health care subsidies and tuition-free community college. Governor Newsom's latest budget revision includes aggressive anti-poverty proposals: a \$5.2 billion renter assistance package, proposals on affordable housing and homelessness, and a universal basic income pilot program.^v

ⁱ World Inequality Report 2022: Executive Summary, [The World #InequalityReport 2022 presents the most up-to-date & complete data on inequality worldwide:](#)

ⁱⁱ Steven Vogel, "The Regulatory Roots of Inequality in America," *Journal of Law and Political Economy* (2021) p. 272

ⁱⁱⁱ Public Policy Institute of California, "Just the Facts: Income Inequality in California," January, 2020, [Income Inequality in California - Public Policy Institute of California \(ppic.org\)](#)

^{iv} Elizabeth Castillo and Lauren Rosenthal, "A Deep Blue Sea of California Lawmakers Takes Oath of Office," *CalMatters*, December 3, 2018.

^v [California Roars Back: Governor Newsom Presents \\$100 Billion California Comeback Plan | California Governor](#)

Recent income growth in the U.S has favored the upper-income levels, and the middle class continues its decline since the 1970s. The middle class shrank from 61% to 51% between 1971 and 2019.^{vi} Income inequality has resulted in stagnation for already low-income communities which are disproportionately communities of color.^{vii} The United States experiences higher rates of income inequality than its European counterparts.^{viii} Further, research suggests that low-paying jobs explain the disparity rather than a redistributive tax system.^{ix} Lastly, income inequality has multi-generational consequences, with the children of low-income families fairing far behind their high-income earning counterparts.^x

Research Questions

Compared to other countries with large economies, the U.S. has high rates of income and wealth inequality. Looking at successful models in other countries and states, what does academic research say about the following questions, and what are the policy implications of these findings:

- What state and local policies are most effective in reducing poverty in the short term and long term?
- What policies are the most effective in reducing racial inequality in terms of income and wealth?
- Which policies are the most cost-effective (i.e., a return on investment analysis that identifies which policies are the most effective in reducing poverty per dollar spent)?
- Is there evidence that certain policy approaches have different effects on gender, race, and ethnicity?
- What does the academic research say about the importance of intergenerational wealth in helping families weather economic downturns and adverse life events?
- Historically, what have been the means by which families create intergenerational wealth?
- What are proven, effective policies that help people build assets (financial as well as non-material assets such as training, education, and good health) and wealth that can help them withstand downturns in the economy and catastrophic life events? What role does homeownership play in these proven policies and what are the implications for how California should address the housing shortage with an eye towards helping low- and middle-income Californians building wealth?

^{vi} Pew Research Center, “Most Americans Say There Is Too Much Economic Inequality in the U.S., but Fewer Than Half Call It a Top Priority” January 2020.

^{vii} Neil Bhutta, Andrew C. Chang, Lisa J. Dettling, and Joanne W. Hsu. 2020. “Disparities in Wealth by Race and Ethnicity in the 2019 Survey of Consumer Finances” Board of Governors of the Federal Reserve System.

^{viii} Anthony Atkinson, “Income distribution in Europe and the United States”. In: *Oxford Review of Economic Policy* 12.1, (1996).

^{ix} Stefano Fil Mauro and Zachary Parolin “Unequal unions? A comparative decomposition of income inequality in the European Union and United States” *Journal of European Social Policy* (2018).

^x Alan B. Krueger, “The Rise and Consequences of Inequality in the United States” Council of Economic Advisers, January 12, 2012

- Are there asset-building policies that are better suited to help women, African-Americans, Latinx, API, and other communities experiencing high rates of poverty?

Scope of Research

This project is focused on informing state policymaking as it relates to reducing inequality in California and improving the economic circumstances of California's lowest- and middle-income residents, in the long term. The researcher or research team will review existing research on high-equity economies, summarize the research and determine the policy implications for California.

Deliverables and Timeline

1. Participate in a planning call with legislative requesters and Center for California Studies staff, prior to beginning the project.
2. Provide preliminary drafts of the following to the Center for California Studies by August 15: a report and a two-page summary of findings and recommendations.
3. Respond to any comments or questions about the draft and provide a final report and two-page summary to the Center for California Studies by September 30.
4. Present research in Sacramento by the end of 2022, on a date mutually agreeable to both the researchers and the Faculty Research Fellows Program award recipient. (The Center can cover travel costs for faculty doing the presentation.)

Budget

\$20,000 This amount includes any indirect costs charged by the recipient's institution, as well as travel costs and all other costs (except for travel costs related to the presentation, which will be covered by the Center for California Studies).

Who May Apply:

Faculty and staff at any California State University campus may submit proposals. Preference is given to principal investigators who are full-time faculty or staff, but part-time faculty may also apply. Part-time faculty and CSU students may also be included as secondary investigators and assistants.

How to Apply

Proposals are due May 27, 2022. Submit proposal by email (in a single Word document or PDF file) to Leonor Ehling, Executive Director, Center for California Studies, at leonor.ehling@csus.edu. Include "FRPR Gates proposal – poverty solutions" in the subject line. Notification of awards will occur by June 3, 2022.

Proposal should be no longer than five single spaced pages (excluding a list of cited works, curriculum vitae, and evidence of approval from applicant's campus office of research). The proposal should include the following:

1. An introductory statement that demonstrates an understanding of the subject matter.

2. Explanation of the research design including the methods of analysis and source of data, if applicable.
3. A timeline for completing the project in the allotted period.
4. A proposed budget including the portion to be devoted to faculty time and travel to Sacramento for presentation of the research.
5. Description of the researcher's (s') qualifications for performing the study.
6. Telephone numbers and e-mail addresses for the principal researcher (s).
7. A resume or vitae for each person funded under the project.
8. Approval by the principle investigator's campus office of research and sponsored programs, in conformance with Chancellor's Office Executive Order Number 890
[EO 890 - Administration of Grants and Contracts in Support of Sponsored Programs \(csusm.edu\)](https://www.csusm.edu/EO-890-Administration-of-Grants-and-Contracts-in-Support-of-Sponsored-Programs)

Questions about this RFP may be directed to:

Leonor Ehling (leonor.ehling@csus.edu)

Executive Director

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