



An Affordability Agenda for California

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Restoring competitive markets for workers, consumers, and small businesses

- **The problem:** Corporate monopolies and dominant firms increasingly control prices, wages, and access across the economy. These broken markets reward market power over innovation — driving higher costs and fueling the affordability crisis.
- **Our solution:** A modern antimonopoly agenda, anchored by a prohibition on abusive conduct by large firms. Stronger enforcement restores competition, lowering prices and curbing the abuses that drive unaffordability.

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Shaping tech & AI markets to work for the real economy

- **The problem:** As AI and advanced tech spread, control over computing power and digital markets is increasingly concentrated. This concentration reinforces broken markets that limit competition, raise costs, and allow a small number of firms to accumulate outsized economic and political power — worsening the affordability crisis.
- **Our solution:** Public-interest tech and AI policies, including the successful launch of CalCompute and guardrails that prevent dominant firms from abusing market power.

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Making corporations pay their fair share to fund affordability

- **The problem:** Corporate tax loopholes allow large firms to hoard and hide profits through offshore structures and preferential tax breaks, draining revenue from the public budget. This weakens the state's ability to support people when costs rise, turning budget constraints into an affordability crisis for families.
- **Our solution:** Closing corporate tax loopholes so profitable corporations pay what they owe. Fair, stable revenue prevents harmful cuts and enables investments that lower household costs without pitting families against each other.

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Delivering cash through tax and benefits systems

- **The problem:** Too many households struggle to keep up with rising costs. Tax credits and other benefits can help — when people can get them. But too many obstacles block access, deepening the affordability crisis.
- **Our solution:** Stronger tax credits and cash supports, including guaranteed income, delivered through simpler benefits systems — raising incomes and making affordability possible even when prices are high.

Feeling the squeeze: California's affordability crisis

Broken Markets

Prices keep climbing, putting the basics out of reach

- More than half of California renters spend more than 30% of their income on rent
- Since 2019, food prices are up 27% and gas prices are up 29%
- The cost of food, housing, and transportation for a low-income family in California is \$32,000 a year
- Child care for one child costs \$22,000 a year, up to 28% of family income



Wages and cash supports aren't keeping up

- 10% of adult workers are in poverty; half of them work full-time
- Since 2020, wages have only grown 2.9% after adjusting for inflation
- Even though CalFresh reaches millions, about one in five eligible families doesn't get it
- Californians miss out on millions in valuable tax credits because it's too hard and expensive to file taxes

Powerful corporations are making it worse

- Consumer costs for hospital and nursing home care rose 88% since 2009 – twice the inflation rate – because health systems have gotten so big that they can raise prices without improving care
- Algorithmic pricing (modern tech collusion) allowed landlords to raise California rents by up to \$110/month
- Electricity prices are 80% higher in California because three sanctioned monopolies dominate the system and customers have no choice to opt out

Broken Incomes



Economic
Security
CA

Our Affordability Framework introduces a two-part framework, identifying 1) broken markets and 2) broken incomes as dual drivers of the affordability crisis. This framework assesses the forces driving up costs for Americans and is intended to equip policymakers with a diagnostic tool to better understand these dynamics and inform future policy decisions.



To learn more about the Affordability Framework and to download a full copy of our report, please visit: economicsecproj.org/afford



Economic Security CA

Broken Markets

Three systemic failures make life unaffordable:

Reason	What It Costs You
<p>1. Gatekeepers</p> <p>Corporate power and weak governance constrain supply and increase prices.</p>	<p>Corporate concentration costs households \$5,000 a year.</p> <p>Restrictive zoning slows economic growth, costing workers approximately \$3,700 in lost income each year.</p>
<p>2. Fragmented Markets</p> <p>Market constraints prevent providers from scaling goods to the level needed to meet public demand.</p>	<p>Administrative bloat in the private health system wastes \$528 billion a year.</p> <p>Rural hospital closures raise remaining nearby medical facilities' prices by 3.6%.</p>
<p>3. Manipulated Signals</p> <p>Prices fail to reflect true costs and benefits because sellers obscure information, forcing others to pay more.</p>	<p>RealPage's AI pricing algorithms increased impacted rents by \$70/month.</p> <p>One estimate has future households paying an extra \$70/month on their electricity bills to power AI data centers.</p>

Why Are Things Unaffordable?

Broken Incomes

Even when markets work, essentials remain unaffordable for three reasons:

Reason	What It Costs You
<p>1. Life-cycle Mismatches</p> <p>Big costs arrive when earnings are low, in early career or when we are incapable of working.</p>	<p>A year of full-time child care for just one child is \$21,945 in California.</p> <p>Half of young adults and 60% of seniors in California are housing cost-burdened.</p>
<p>2. Inequality</p> <p>Insufficient incomes and the high cost of being poor makes affordability worse.</p>	<p>California consistently has one of the highest poverty rates in the nation.</p> <p>Low-income families are forced to spend more hours navigating systems, paying a time tax.</p>
<p>3. Macroeconomic Trends</p> <p>Recessions have long-lasting consequences on people's lives, and an inflation shock eats up wage gains.</p>	<p>New housing construction collapsed during the Great Recession, took eight years to only partially recover.</p> <p>Graduating into a recession decreases earnings for 10 to 15 years.</p>