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Bridging the Golden Divide: Addressing the Wealth Gap & Affordability Crisis in California

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I. Executive summary

Affordability and cost-of-living have become the main concern for Californian families, with 84% of voters reporting the rising costs of groceries and gas as their greatest worry, followed by housing and healthcare costs (Cornejo, 2026). The ever-widening wealth gap in California is only worsening the matter. This brief covers the aforementioned issues and recommends policy to streamline childcare for California families, mitigate the housing crisis, and expand access to state-sponsored health insurance.

II. Overview

Californians are finding it increasingly difficult to make ends meet. In major cities like San Francisco, Los Angeles, and San Diego, childcare can cost between $1,500 to $2,200 a month, with costs being higher for infant care (Wonderschool, 2026). Over 187,000 individuals in California are unhoused (Cremin, 2025). The average healthcare plan for a single person is at $487 per month, ending with $5,844 yearly (EZ Health Insurance, 2022). All the while, the top 5% make around $500,000 a year, with the lowest 20% averaging $16,000 annually (California Budget & Policy Center). Such economic inequality only worsens the affordability crisis and requires a radical shift in taxation policy on the state's wealthiest.

A. Relevance

Though it may not be what the government considers its top priority, say national security or foreign policy, affordability is not inconsequential. It directly affects voting outcomes as citizens seek out candidates who promise them a more steady, livable standard. Californians are especially eager for leaders who acknowledge the state's abundant economic issues and craft concrete paths to prosperity. This is relevant now more than ever, as inflation nationwide has risen to 3.8% and as the war in Iran rages on, the affordability crisis is even further worsened. Californians are facing the brunt of it as gas prices surge to $6.40 per gallon, paying about $90 or more for a full tank, almost weekly, while states like Oklahoma and Kansas pay almost half that price, around $3.50 for a gallon. It carries the burden of the highest gas tax in the nation. It does not help that some of the wealthiest entrepreneurs own copious amounts of property in California, that is to say, Silicon Valley investor Marc Andreessen, Co-Founder of Google Sergey Brin, META Platforms Founder Mark Zuckerberg, and the list goes on. Governor Newsom's refusal to raise a wealth tax because he fears a "mass exodus of the wealthy" from California even further disillusions Californians who are displeased with the status quo, feeling as though politics are continuing to serve the rich in lieu of the underserved and underrepresented.

III. History

A. Current Stances

Economic instability, affordability, and the wealth gap are issues that transcend time and hand-drawn borders alike. This concern has dominated the American political landscape, remaining the top worry for American citizens for the past five years (Saad, 2026) as inflation is on the rise, manifesting itself in grocery prices, housing costs, and energy bills. It was one of the utmost priorities for Americans as they headed to the polls in the 2024 Presidential Election (Brenan, 2024). Perhaps the most potent example of the relevancy of affordability and raising taxes on the wealthy is the landslide victory of 34 year-old Democratic Socialist, Zohran Mamdani, whose platform of free public transit, universal childcare, freezing rent on stabilized units, and raising taxes on New York City's wealthiest resonated not only within the Big Apple, earning him 50.8% of the vote against two opposing candidates, but across the country, and for a good reason.

It's the same reason why some Democratic candidates for governor have gained so much traction: climate advocate, Tom Steyer, has resonated so well with California's progressives, despite his financial background as a billionaire, thanks to his focus on the housing crisis, cutting utillity bills, and instituting single-payer healthcare (Edelman, 2026) and former Secretary of Health and Human Services, Xavier Becerra, has emerged as a leading candidate in the primaries for his focus on bringing down the cost of living for the next generation, whether that be by tackling price gouging or building more affordable housing (Smith & Nixon, 2026). And as the wealth gap continues to widen, with the income of the highest earners rising by 68% over the past forty years compared to the 10% increase for the lowest earners (McHardy, 2025), Californians' displeasure with high costs and politicians' sole concern for the wealthiest is growing ever more.

IV. Policy Problem

A. Stakeholders

The primary stakeholders in this matter are low-income and working-class Californians, as well as community advocacy groups such as the California Alliance (supporting consumers and protecting them against high energy and grocery costs) and the Residents United Network (working to elevate the voices of low-income Californians to affect legislation). Being so far disconnected from the state's wealthy elite, working-class Californians face the added barriers that are extreme costs of living (housing costs, healthcare, and childcare) as well as limited opportunities to build generational wealth. It is these Californians who are struggling to make ends meet each month that are hurt most by the current economic disparities in the Golden State and will benefit most from the institution of the policies outlined in this brief. In addition to that, these policies would directly support the mission of community advocacy groups who have been working tirelessly to amplify the experiences of low-income Californians.

Large corporations and entrepreneurs also hold a major stake in this matter, especially in regards to the wealth tax. Their overall profits will lessen while competitiveness in the market will decrease. However, this money that will be taken from the pockets from wealthy corporations and big business leaders will be used to promote the welfare of the state and its people, ultimately growing California's economy in the long-run.

B. Risks of Indifference

The risks of indifference to the lives of working-class Californians and their struggles manifest themselves in deepening economic inequality, worsened polarization, and civil unrest. Citizens need to feel that their government represents them and holds their best interests at heart, and that isn't the case if approximately 7 million Californians lack access to basic needs (California Budget & Policy Center, 2025). Indifference to this issue would only raise this number, deepening the economic divide between California residents, who themselves feel increasingly that they cannot trust their leaders, prompting protests and civil disruptions across the state.

C. Nonpartisan Reasoning

The class struggle, the struggle for economic survival, does not know nor does it understand partisan lines. The most fervent Republican or passionate Democrat will not remain so fervent or so passionate for long if they are hungry, if they are unable to afford a visit to the doctor, or if they find themselves on the street. The following are reasons for support across all political aisles:

1) Direct Economic Growth: When we reduce child poverty and increase access to quality care for our children, we are bringing future skilled laborers to the workforce, thereby investing in California's future. By mitigating the housing crisis, we are increasing the state's employable population and expanding the workforce while also lifting consumer spending. Moreover, expanding access to healthcare through a single-payer system will prevent job-lock for Californians who rely on their employer for health insurance, promoting entrepreneurship and broadening horizons.

2) A Healthier California: Parents who will be able to care for their children more properly and provide them with their basic physical and emotional needs will create healthier kids. Solving the housing crisis will lessen the number of Californians surviving on the streets and suffering from multiple health issues, including but not limited to hypertension, infected skin ulcerations, and anxiety. Expanded healthcare access will motivate Californians to seek preventative and restorative care for their minds and bodies rather than "powering through it" because they can't take the costs.

3) Lowers Tax-Payer Burdens: When we expand the Child Tax Credit, provide residents with a place to stay, and support Single-Payer Healthcare, alongside the Wealth Tax, the burden is shifted away from the average Californian to big business and billionaires.

V. Tried Policy

A prominent piece of legislation that could've mitigated one of the aforementioned issues, the housing crisis, for example, was the SB 50 (proposed in 2020). This would've created high-density apartments that would be located near public transportation stations and job centers, simultaneously eliminating the need for these Californians to purchase and drive cars while also putting them in a better position for employment opportunities.

However, the bill was ultimately killed because of backlash from suburban families as it would seek to bypass legislative zoning laws, and even if it were to pass, it would not provide those tenants with proper protection against displacement, putting low-income Californians at extreme risk once again.

VI. Policy Options

Each of the following policies shall be provided for through a tax instituted on the state's top 0.1% earners.

Expanding the Child Tax Credit

The current Child Tax Credit in California (California Young Child Tax Credit or YCTC) stands at $1,189 per tax return for families with an income of no more than $32,900 and with a child under the age of 6.

However, as previously stated, childcare in major California cities, that is, San Francisco, Los Angeles, and San Diego, takes tremendous amounts of money. To overcome this, I recommend the expansion of the YCTC to accommodate families with an income of no more than $52,000 annually and for children up to the age of 10. This would significantly reduce child poverty and ensure that parents are able to afford proper care for their little ones.

Permanent Supportive Housing & Preventative Assistance

Through Permanent Supportive Housing (PSH), unhoused individuals will be provided with a unit to reside in (in which, at baseline $0 income, rent is covered by government subsidies) and they are connected to supportive services (including case management, mental health assistance, and job training). Once employed and earning a stable income, they shall pay 35% of their income towards their rent, while the rest is covered by government subsidies. If their income rises to a level that they can pay the full-market rent on their own, the subsidy will no longer be provided. However, they may remain in the unit as a tenant (if they so wish) to ensure long-term stability.

Preventative assistance refers to a safety net that will be provided to individuals facing eviction and/or job loss. This may be done through emergency rental assistance and micro-grants to help cover rent and prevent individuals or families from losing their homes and finding themselves on the street.

Supporting Single-Payer Healthcare

Multiple private and public health insurance systems alongside their hefty costs create immense burdens for the average Californian.

By implementing Single-Payer Healthcare that will be funded solely by the government, we will eliminate the restrictive networks between private insurances and health facilities, ensuring that all physician facilities will be willing to provide care for patients.

Federal waivers will be secured to divert funds originally intended for a multitude of programs (Medicare or Medicaid, for example) to a single state fund for a unified public health system. A governing board must be appointed to oversee the state's transition from multiple health insurance companies to a single, government-funded healthcare program.

VII. Conclusions

Through this brief, I've addressed the myriad of issues fueling California's economic disparity, whether that be lack of access to proper childcare thanks to a heavily limited YCTC, the colossal rate of homelessness and lack of care for the unhoused population, or the unnecessarily expensive healthcare bills that leave residents delaying critical medical needs. I've provided legislative suggestions to alleviate California's worries surrounding affordability and livability, especially with regards to the aforementioned issues.

These suggestions may seem unpalatable to the upper echelons in the business world and politicians in California who fear that these proposals would drive away innovation and entrepreneurship, however, the money taken away from the pockets of big corporations and invested in the future of California will drive and promote a healthy, prosperous economy. This is aside from the ripple effects it will have on the rest of Californian society: reduced stress, less political and social polarization, and increased trust in California's governing institutions. Through these legislative changes will the California Dream be restored.

Acknowledgements

The Institute for Youth in Policy wishes to acknowledge Taylor Beljon-Regen, Patrick Pickren, Tiffany Li, Asher Cohen, Paul Kramer, and other contributors for developing and maintaining the Fellowship Program within the Institute.

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