MANHATTAN INSTITUTE FOR POLICY RESEARCH

PRESS RELEASE

Contact: Ray Niemiec
646-839-3335
rniemiec@manhattan-institute.org

NEW study explains why California has largest net-domestic out-migration of all states, reversing historical trend
What states have been the biggest income benefactors of the California flight?
Is fiscal mismanagement scaring away California residents?
What California counties have been hardest hit?

CALIFORNIANS FLEEING TO BETTER MANAGED STATES

September 24, 2012: A new report from the Manhattan Institute finds that more Americans have left California since 2005 than have come to live in it. This exodus represents a huge reversal to established patterns of domestic migration, and suggests that the Golden State is no longer perceived by most Americans as the land where dreams come true. Between 1960 and 1990, 4.2 million Americans moved to California from other states. But in the last two decades California has lost nearly all of that gain. Net domestic out-migration has averaged 225,000 residents a year over the past 10 years. To understand how California, the-cherished-destination, turned into California, the-place-to-escape, the Manhattan Institute examined Census, IRS, and other data in unprecedented detail, revealing the factors driving the California exodus and offering lessons to other states from California's continuing decline.

On Tuesday, September 25, 2012, the Manhattan Institute's Center for State and Local Leadership will release a new report, ***The Great California Exodus: A Closer Look***, by **Tom Gray** and **Robert Scardamalia**. The researchers find that fiscal mismanagement in addition to the regularly discussed cost drivers—taxes, regulations, the high price of housing and commercial real estate, costly electricity, union power, and high labor costs—all contribute incentives for businesses to locate outside of California, and thus help to drive the exodus. Here are the results:

- California out migration has resulted in large shares of lost income to other states between 2000 and 2010:
  - **Nevada** - $5.67 billion
  - **Arizona** - $4.96 billion
  - **Texas** - $4.07 billion
  - **Oregon** - $3.85 billion
- The Top Ten states Californians leave for are: Texas, Nevada, Arizona, Oregon, Washington, Colorado, Idaho, Utah, Georgia and South Carolina
- Families looking for economic opportunity travel to Texas now, where tax returns of Californians bound for the Silver State average 2.21 exemptions
- Comparing Northern California to Southern California, the north was more stable: San Francisco, East Bay and Santa Clara County had net out-migration rates of 1.42%, 3.31%, and 3.19% respectively, all well below the state average
- Once popular coastal, urban areas are being abandoned as Californians move inland in large numbers
- San Bernardino and Riverside Counties lost 13.04 percent of their 2000 population to areas outside California by 2010 (the statewide average of out-migration was 10.7 percent during that period)
- 36 percent of those who left California for any other part of the U.S. went to nearby states like Arizona, Nevada, Oregon, and New Mexico

The data also suggest why individuals and businesses are leaving California, the most glaring factor being job availability. Taxation also appears to be a factor, especially as it contributes to the business climate and, through that, jobs. Most of the destination states favored by Californians have lower taxes and have avoided the mismanagement of revenue that led to California's fiscal crisis. The states benefitting from California's loss tend to focus on fiscally sound budget policies that have kept their books in much better order.

MANHATTAN INSTITUTE FOR POLICY RESEARCH

REPORT GRAPHS OF NOTE

- Net Domestic Migration from Top 10 Sender States
- Net Domestic Migration to Top 10 Destination States
- Target States (Tax Exemptions and Aggregate Income), 2000-2010
- Top 10 States California Lost People and Money to 2000-2010
- California Counties: Components of Migration 2000-2010

The report is based on the most recent data available from the Census, the Internal Revenue Service, the California's Department of Finance, the Bureau of Labor Statistics, the Federal Housing Finance Agency, and other sources.

To speak with the author please contact Ray Niemiec at 646-839-3335 or by email at rniemiec@manhattan-institute.org

Tom Gray an award-winning editor, writer, and communications consultant. In a career spanning four decades, he has written for publications such as the *Los Angeles Times*, *City Journal*, and *Investor's Business Daily* (where he also served as senior editor), and has authored three books on online investing published by John Wiley & Sons. As editorial-page editor of the *Los Angeles Daily News*, Gray won a number of awards for writing and editing including first place awards for editorial writing from the California Newspaper Publishers Association and the Inland Daily Press Association. A graduate with distinction from Stanford University, he also has Master's degrees in English and Business Administration. Gray lives in Cambria, California.

Robert Scardamalia is a data consultant for the Manhattan Institute's Empire Center for New York State Policy and president of RLS Demographics, Inc., a firm specializing in the use and analysis of economic and demographic data for private and public applications. He was formerly director of the Center for Research and Information Analysis in the New York State Department of Economic Development and served as chief demographer of the State of New York and director of the State Data Center. Scardamalia is a professional demographer and has more than 30 years of experience using Census and related data for marketing, business attraction, and public sector program management. He holds a Bachelor's degree in sociology from Penn State University and a Master's degree in Demography from Georgetown University.

The full report is available at http://www.manhattan-institute.org/html/cr_71.htm.

The Manhattan Institute for Policy Research is a think tank, 501(c)(3), whose mission of is to develop and disseminate new ideas that foster greater economic choice and individual responsibility.

Manhattan Institute • 52 Vanderbilt Avenue • New York, NY 10017
www.manhattan-institute.org