# A Growing Divide: The State of Working California 2005

**Labor Day presents an opportunity to assess the status of California's workers and their families. This year's news continues to be mixed. While jobless rates are down and the state is showing signs of economic recovery, there are some troubling trends emerging as the state's low-wage workforce continues to grow.**

This report finds that:

- The income of the typical, or median, California household was stagnant in 2003-2004, dropping by $299 from $50,266 in 2002-2003 to $49,927. Similarly, the state's poverty rate increased between 2003 and 2004, albeit by a statistically insignificant amount. Trends at both the state and national levels represent a departure from prior years, when incomes increased more significantly and poverty declined more substantially at this stage of an economic expansion.
- Unemployment rates are down and employment is up. In July 2005, the state's unemployment rate was 5.1 percent, lower than the peak rate of 6.9 percent during most of 2003, but higher than the 4.8 percent rate in March 2001 when the recession officially began. Notably, unemployment rates have dropped significantly in many Central Valley counties, although they remain higher than for the state as a whole.
- In 2004, the hourly wage of the worker at the median, or the middle of the earnings distribution, barely kept pace with inflation, rising 0.4 percent after adjusting for inflation. The earnings of low-wage workers, those at the 20th percentile, fell by 0.3 percent between 2003 and 2004, while the earnings of high-wage workers, those at the 80th percentile, rose by 2.1 percent.
- The gap between the state's highest- and lowest-wage earners has widened and is substantially wider than that for the nation as a whole. In 1979, the highest-wage California workers, those at the 90th percentile, earned 3.8 times more than the lowest paid workers, those at the 10th percentile. Twenty-five years later, California's highest paid workers earned 5.1 times more than the lowest paid workers, compared to 4.4 times more for the nation as a whole.
- Approximately 1.4 million Californians work at or near the state's minimum wage. A majority of these workers are adults and most work full-time.

## New Census Data Show Little Progress for Low- and Middle- Income Californians

On August 30, the Census Bureau released 2004 income, poverty, and health insurance coverage data. The new data show that, on the whole, Californians have made little progress despite the fact that 2004 represented the third year of a national economic recovery. Median household incomes declined slightly after adjusting for inflation, the poverty rate increased slightly, and the percentage of Californians lacking health coverage rose slightly. Trends at both the state and national levels represent a departure from prior years, when incomes increased more significantly and poverty declined more substantially at this stage of an economic expansion.

## Household Income Was Stagnant in 2004

The latest Census data show that the income of the median California household – the household at the middle of the income distribution – was stagnant during the most recent period. The median household income in California was

$49,927 in 2003-2004, down by a statistically insignificant $299 from $50,226 in 2002-2003 in inflation-adjusted dollars. This trend mirrored that for the nation as a whole, where the median household income fell by $79, from $44,514 in 2002-2003 to $44,436 in 2003-2004, after adjusting for inflation.[1] The median income of California households ranked 12th among the 50 states, with New Hampshire posting the highest median income at $56,973.

## Little Change in the Share of Californians in Poverty

Similarly, there was no significant change in the percentage of Californians with incomes below the federal poverty level (FPL) in 2004. Approximately one out of every seven (13.3 percent) Californians had incomes below the FPL in 2004, representing a slight, but statistically insignificant, change from the 13.1 percent poverty rate in 2003.[2] In 2004, 4.743 million Californians lived in poverty, up from 4.634 million in 2003.[3]

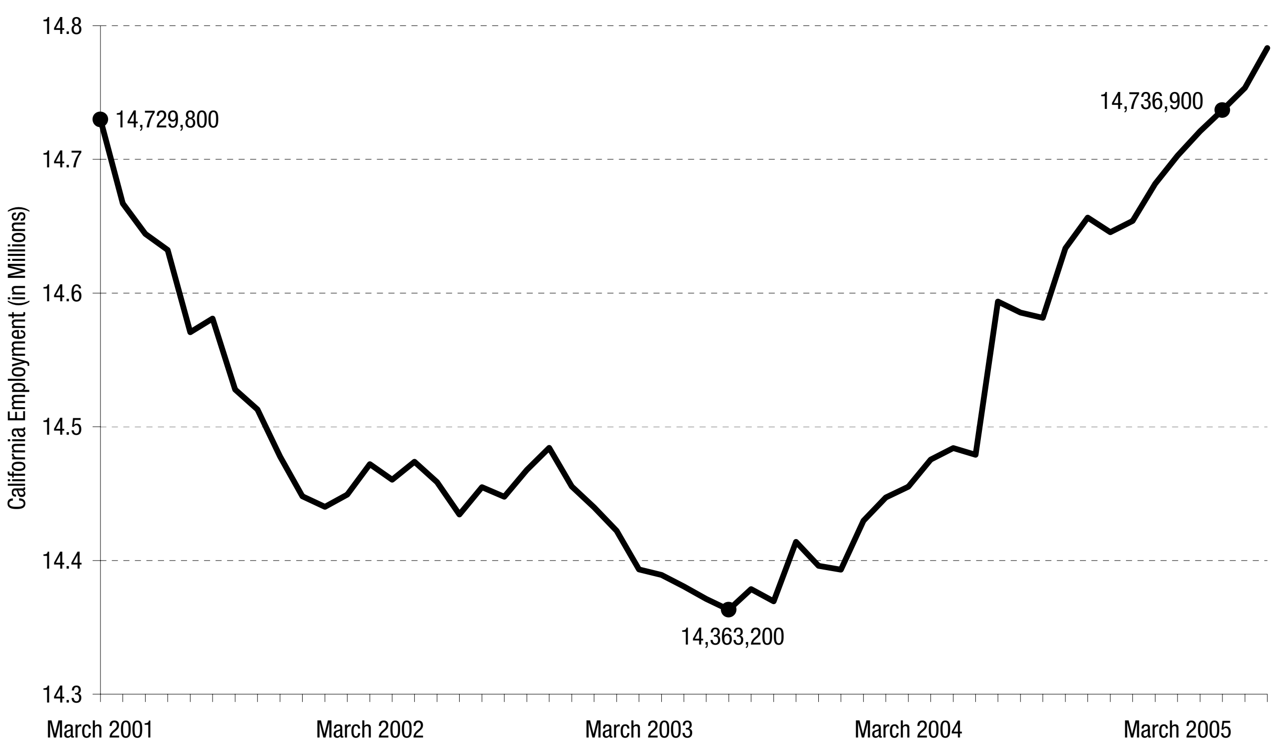
Related data from the Census Bureau's American Community Survey, also released on August 30, show that the poverty rate in California was highest for female-headed households (26 percent) and lowest for persons age 65 and over (8 percent). Eighteen percent of related children under the age of 18 lived in poverty.[4]

## California Is Recovering from the Recession, but Regional Performance Has Been Uneven

The number of jobs in California surpassed the March 2001 level for the first time in May 2005. Between March 2001, when the economic downturn began, and July 2003, when employment reached its lowest level, the number of jobs in the state fell by 2.5 percent (Figure 1).[5] The number of jobs increased by 2.6 percent between July 2003 and May 2005, exceeding March 2001 employment by 7,100 jobs. Since May, California has continued to experience strong job growth, adding 29,900 jobs in July alone – the greatest monthly increase in employment since October 2004. In July 2005, the state's unemployment rate was 5.1 percent, lower than the peak rate of 6.9 percent during most of 2003, but higher than the 4.8 percent rate in March 2001 when the recession officially began.

Employment in California rebounded from the most recent recession faster than it did after the recession of the early 1990s. Monthly employment returned to its March 2001 level in slightly more than four years (50 months), compared to more than five years (64 months) after the recession that began in July 1990. The trend was reversed at the national level. US monthly employment returned to its March 2001 level 46 months after

Figure 1: Employment in California Surpassed March 2001 Level in May 2005




Note: Total non-farm employment. Seasonally adjusted data.
Source: Employment Development Department

the onset of the recent recession, while it took just 31 months for national employment to rebound following the recession of the early 1990s.

## The San Francisco Bay Area, Hit Hardest by the Recession, Has Yet to Fully Recover

Employment in the San Francisco Bay Area was particularly hard hit during the most recent recession due to the region's concentration of technology-based industries, which bore the brunt of the downturn after the boom of the late 1990s (Table 1). The jobless rate in Santa Clara County, which reached a low of 3.4 percent prior to the recession, had more than doubled by March 2003.[6] Other Bay Area counties also experienced a sharp rise in joblessness. More than four years after the onset of the recession, unemployment rates in Bay Area counties have declined considerably, but remained higher than their March 2001 levels.

Table 1: Monthly Unemployment Rates in the San Francisco Bay Area Remain Higher Than at the Onset of the Recession

| | Unemployment Rate | | | Percentage Point Change in Unemployment Rate | |
|---|---|---|---|---|---|
| County | March 2001 | March 2003 | March 2005 | March 2001 to March 2003 | March 2003 to March 2005 |
| Alameda | 3.9% | 7.2% | 5.2% | 3.3 | -2.0 |
| Contra Costa | 3.6% | 6.2% | 4.9% | 2.6 | -1.3 |
| Marin | 3.0% | 5.1% | 3.9% | 2.1 | -1.2 |
| Napa | 3.4% | 5.0% | 4.4% | 1.6 | -0.6 |
| San Francisco | 4.1% | 7.2% | 5.2% | 3.1 | -2.0 |
| San Mateo | 3.0% | 6.1% | 4.4% | 3.1 | -1.7 |
| Santa Clara | 3.4% | 9.0% | 5.7% | 5.6 | -3.3 |
| Solano | 4.5% | 6.6% | 5.6% | 2.1 | -1.0 |
| Sonoma | 3.4% | 5.7% | 4.6% | 2.3 | -1.1 |
| **California** | **5.2%** | **7.1%** | **5.7%** | **1.9** | **-1.4** |

Note: Not seasonally adjusted data.

Source: Employment Development Department

## Unemployment in Much of the Central Valley Has Declined, but Remains Higher Than in the State as a Whole

A number of Central Valley counties have experienced large decreases in monthly unemployment rates since the beginning of the economic downturn. By March 2005, the jobless rate in four Valley counties had dropped considerably, falling below their March 2001 level. In Madera County, the unemployment rate fell by more than three percentage points, from 12.4 percent in March 2001 to 9.0 percent in March 2005 (Table 2). The unemployment rate in Fresno County dropped by 2.7 percentage points to 10.6 percent. Kings and Tulare Counties also experienced substantial declines in unemployment. Despite these sizeable decreases throughout the Central Valley, jobless rates in these Valley counties in March 2005 remained well above the rate for the state.

Table 2: Counties with the Largest Four-Year Decrease in Monthly Unemployment Rates Since the Onset of the Recession Were in the Central Valley

| | Unemployment Rate | | Percentage Point Change in Unemployment Rate |
|---|---|---|---|
| County | March 2001 | March 2005 | March 2001 to 2005 |
| Madera | 12.4% | 9.0% | -3.4 |
| Fresno | 13.3% | 10.6% | -2.7 |
| Kings | 13.5% | 11.0% | -2.5 |
| Tulare | 14.2% | 11.7% | -2.5 |
| **California** | **5.2%** | **5.7%** | **0.5** |

Note: Not seasonally adjusted data.

Source: Employment Development Department

## Los Angeles County Weathered the Recession Relatively Well

Four years after the nation fell into an economic slump, the monthly unemployment rate in Los Angeles County was 5.6 percent, half a percentage point above its low in March 2001. Nevertheless, Los Angeles County recovered from the most recent downturn relatively quickly compared to the recession of the early 1990s. Four years after that recession began in July 1990, the unemployment rate in Los Angeles County remained 4.1 percentage points above the rate at the start of the downturn. The difference results from the industries most affected by the two recessions. The economic downturn of the early 1990s hit the defense and aerospace industries particularly hard, two sectors heavily concentrated in the Los Angeles region, while the most recent recession took a disproportionate toll on information technology industries, sectors primarily based in the San Francisco Bay Area.

While recent attention has focused on the impact of "runaway" productions on the film industry, motion picture and video employment in California increased by 35,400 (30.5 percent) between 1994 and 2004, including an 8,100 increase in motion picture and sound recording employment in Los Angeles County.[7] Recent data show that motion picture and video industries added 20,400 jobs between June 2004 and June 2005, a jump of 14.0 percent. Los Angeles County motion picture and sound recording industry added 17,200 jobs between July 2004 and July 2005.[8] In contrast, total employment in California rose by just 1.5 percent during the same period.

Table 3: Annual Unemployment Rates Declined for All Racial and Ethnic Groups Except Latinos Between 2003 and 2004

| Race/ Ethnicity | 2001 | 2002 | 2003 | 2004 | Percentage Point Change, 2003 to 2004 |
|---|---|---|---|---|---|
| White | 4.0% | 5.2% | 5.4% | 4.7% | -0.7 |
| Black | 8.5% | 12.0% | 11.6% | 10.3% | -1.3 |
| Latino | 7.1% | 7.9% | 7.4% | 8.1% | 0.7 |
| Asian | 5.2% | 7.0% | 7.7% | 5.1% | -2.6 |
| **All Workers** | **5.4%** | **6.7%** | **6.7%** | **6.2%** | **-0.5** |

Source: Economic Policy Institute analysis of Current Population Survey data

## Not All California Workers Have Shared in the Recovery

After generally increasing between 2001 and 2002, California's annual unemployment rate dropped between 2003 and 2004. The unemployment rate for Latino workers, however, increased during this period. The jobless rate for Latino workers in the state rose to 8.1 percent, the highest rate for Latinos since the onset of the recession (Table 3).[9]

Unemployment among Latinos in 2004 was concentrated among those with relatively low levels of education. Over half (53.7 percent) of unemployed Latinos had less than a high school degree – several times higher than the share for unemployed whites, blacks, and Asians with similar levels of educational attainment.

## High-Wage Workers Made Wage Gains, While the Purchasing Power of Low-Wage Workers' Wages Declined

In 2004, the purchasing power of wages earned by middle- and high-wage workers increased, while those of low-wage earners declined. This trend reflects a longer-term pattern of erosion in the purchasing power of low-wage workers' wages and improved purchasing power of high-wage workers' wages. After adjusting for inflation, the hourly wages of low-wage workers, those at the 20th percentile, fell by 0.3 percent from 2003 to 2004, while those of high-wage workers, those at the 80th percentile, rose by 2.1 percent (Table 4). The median hourly wage, the wage paid to workers at the middle of the earnings distribution, rose by a modest 0.4 percent.

Over the longer term, from 1979 to 2004, wages have followed the same pattern, with the purchasing power of wages at the 20th percentile decreasing and those at the 80th percentile increasing substantially. Within this 25-year period, however, there were four distinct patterns of inflation-adjusted wage growth and decline (Figure 2):

- 1979 to 1989, when the purchasing power of high-wage workers' wages increased while that of low-wage workers' decreased.
- 1989 to 1995, when the purchasing power of wages at the bottom and middle of the earnings distribution decreased, while the purchasing power of high-wage workers remained flat.
- 1995 to 2000, when the purchasing power of wages at the top and bottom of the earnings distribution increased more than the purchasing power of wages in the middle of the distribution.
- 2000 to 2004, when the purchasing power of wages increased by approximately the same percentage across the earnings distribution.

Table 4: California Experienced Distinct Patterns of Wage Growth and Decline Over the Past 25 Years

| Percent Change in Hourly Wage (2004 Dollars) | | | |
|---|---|---|---|
| | 20th Percentile | Median | 80th Percentile |
| 1979 to 1989 | -6.1% | 2.6% | 5.4% |
| 1989 to 1995 | -10.0% | -5.6% | 0.3% |
| 1995 to 2000 | 8.8% | 3.4% | 6.3% |
| 2000 to 2004 | 6.0% | 6.1% | 7.0% |
| 2003 to 2004 | -0.3% | 0.4% | 2.1% |

Source: Economic Policy Institute analysis of Current Population Survey data

## Women Workers, Black Workers, and Workers with a High School Degree Experienced Strong Wage Gains Between 2000 and 2004

During the most recent period, the purchasing power of wages earned by women workers, black workers, and workers with a high school degree increased significantly. The median hourly wage gains for female workers outpaced those of their male counterparts by 5.3 percentage points, a substantial change from the late 1990s when male workers' wage gains exceeded those of female workers (Figure 3). The median wage of black workers, adjusted for inflation, rose by 6.4 percent between 2000 and 2004, after declining by 5.5 percent in the late 1990s (Figure 4). In addition, the inflation-adjusted median wage of workers with a high school degree increased by 8.0 percent after having declined by 3.0 percent from 1995 to 2000 (Figure 5).

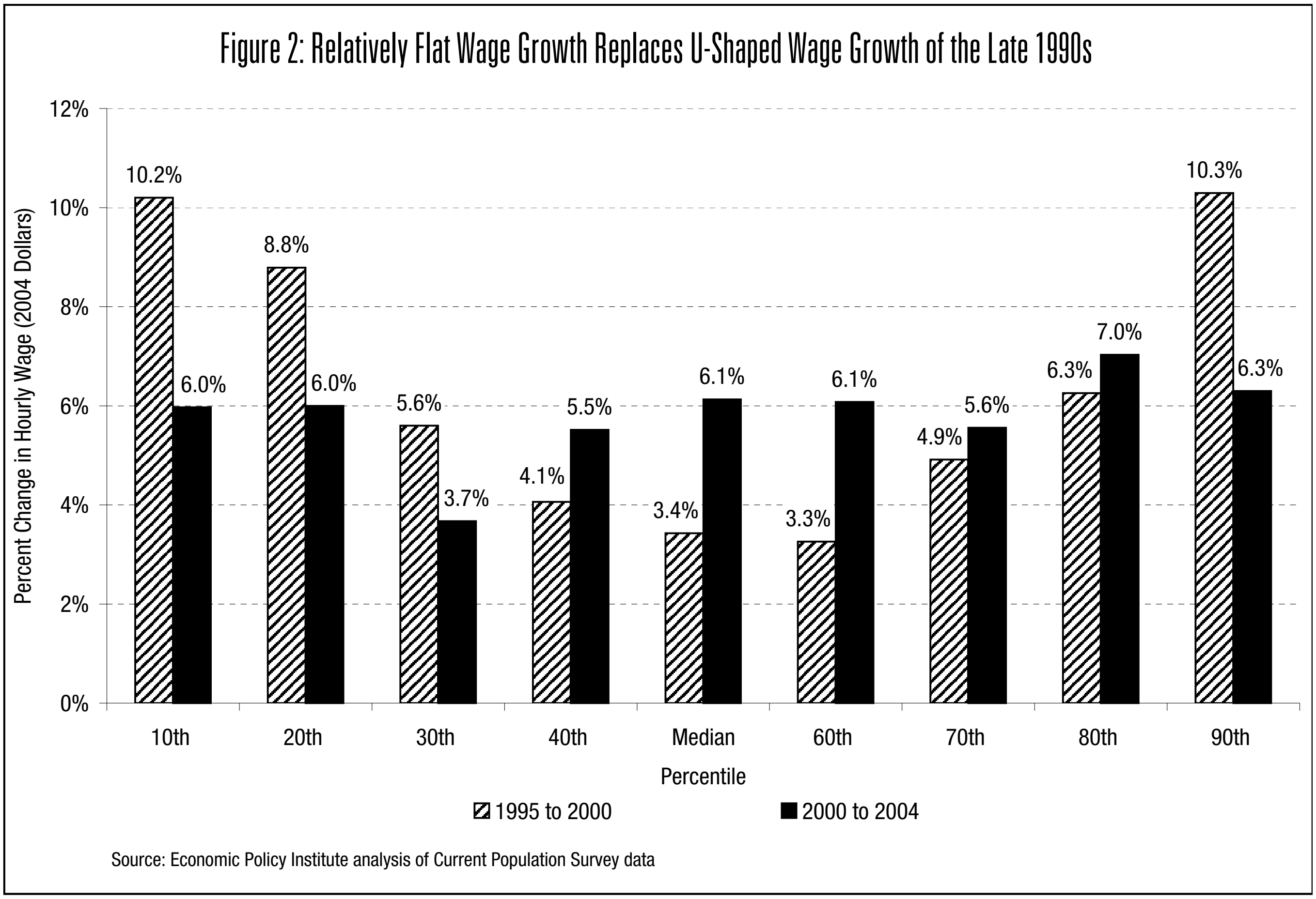


Figure 2: Relatively Flat Wage Growth Replaces U-Shaped Wage Growth of the Late 1990s
Percent Change in Hourly Wage (2004 Dollars)
12%
10%
8%
6%
4%
2%
0%
10.2%
6.0%
8.8%
6.0%
5.6%
3.7%
4.1%
5.5%
3.4%
6.1%
3.3%
6.1%
4.9%
5.6%
6.3%
7.0%
10.3%
6.3%
10th
20th
30th
40th
Median
60th
70th
80th
90th
Percentile
1995 to 2000
2000 to 2004
Source: Economic Policy Institute analysis of Current Population Survey data

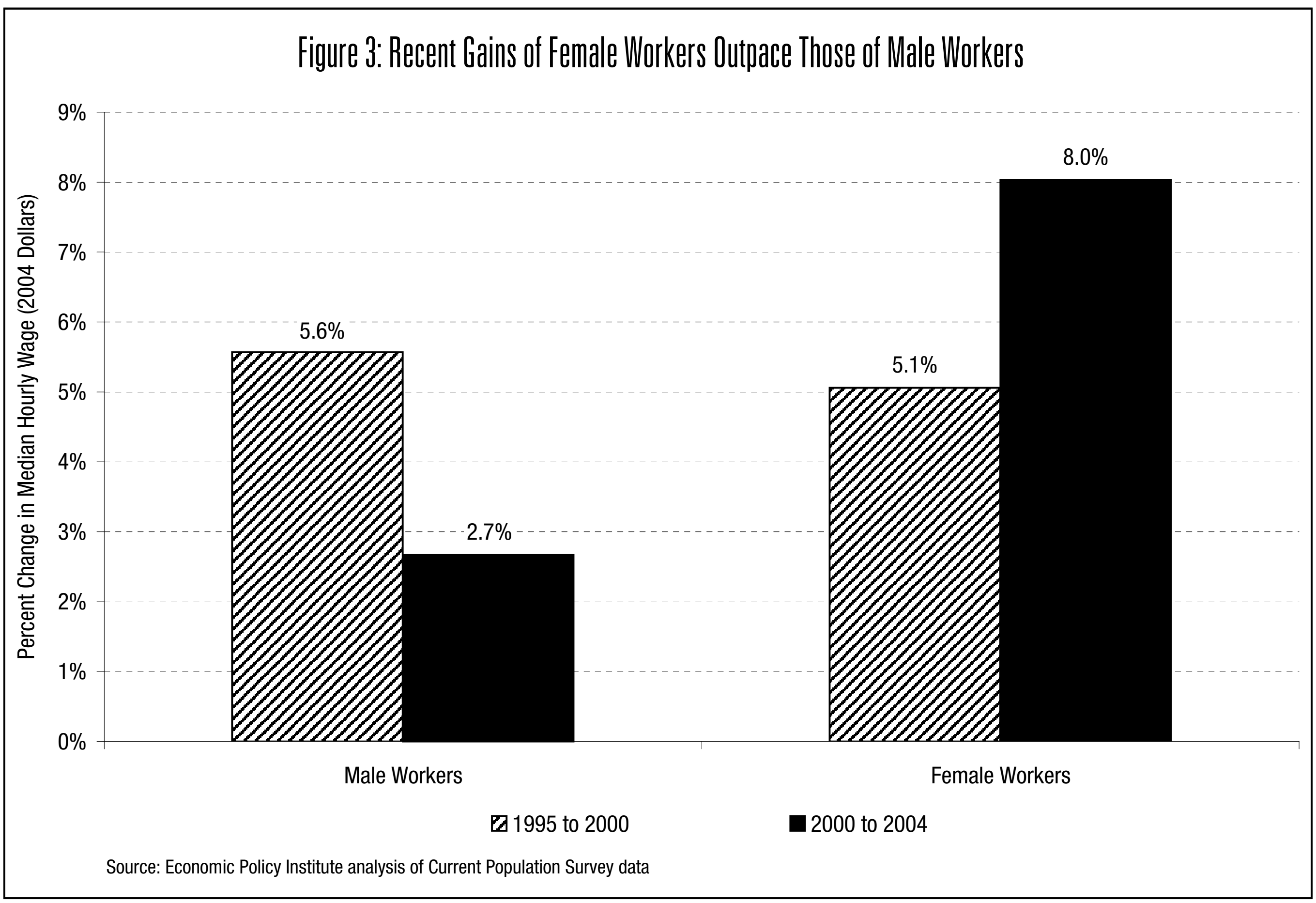
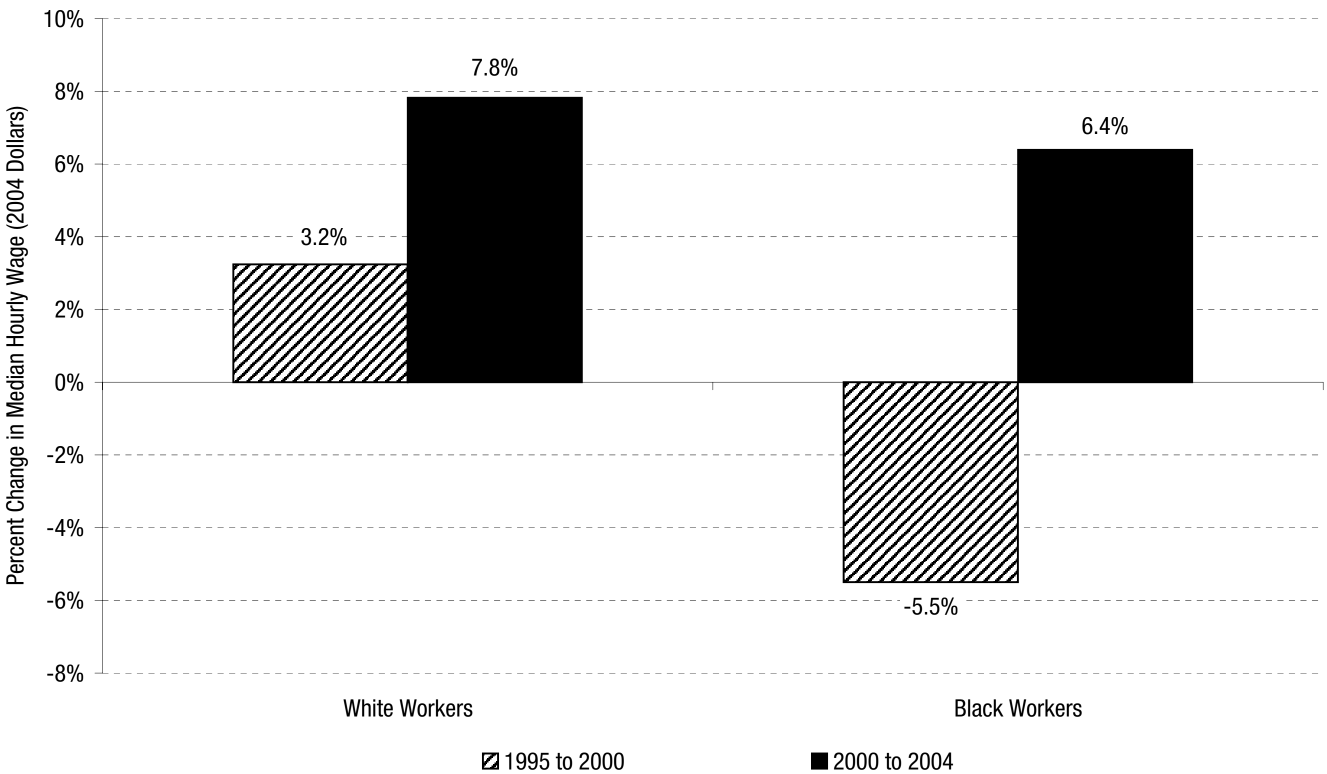


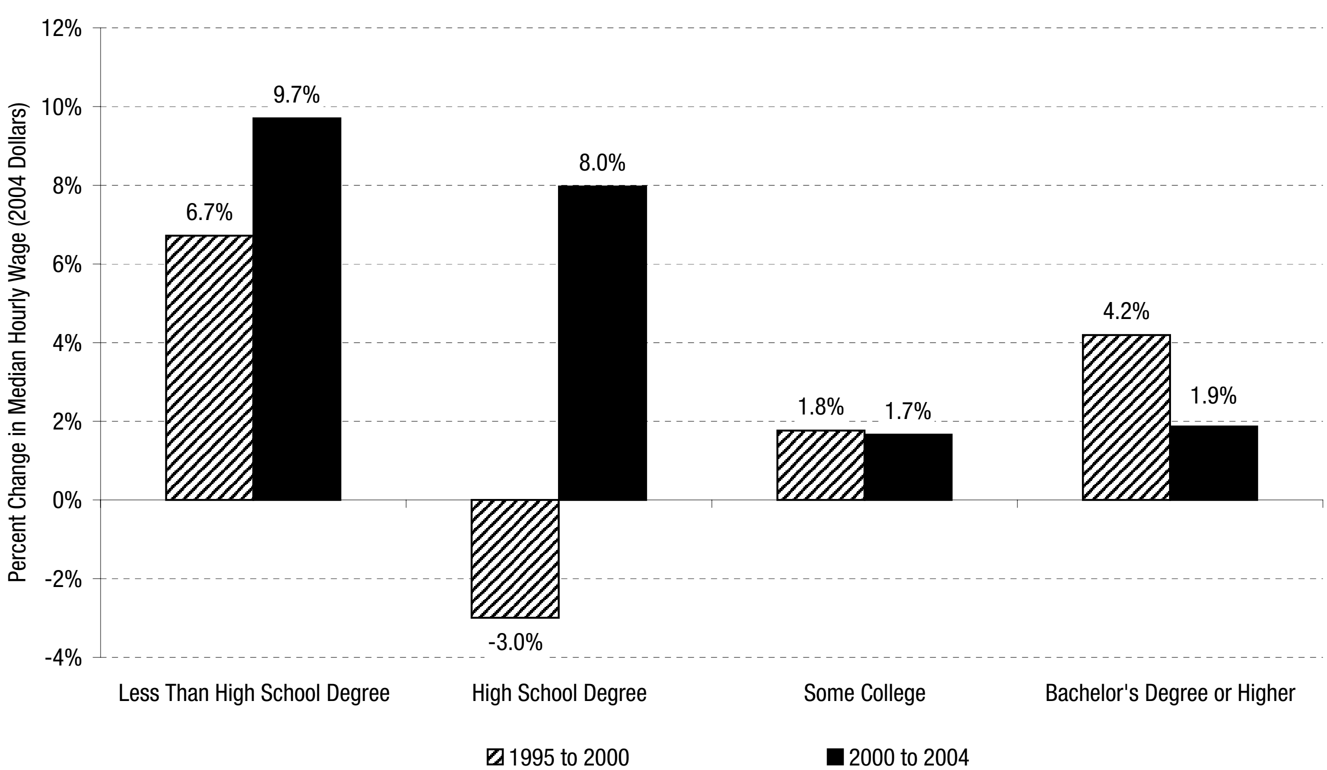
Figure 3: Recent Gains of Female Workers Outpace Those of Male Workers
Percent Change in Median Hourly Wage (2004 Dollars)
9%
8%
7%
6%
5%
4%
3%
2%
1%
0%
5.6%
2.7%
5.1%
8.0%
Male Workers
Female Workers
1995 to 2000
2000 to 2004
Source: Economic Policy Institute analysis of Current Population Survey data

Figure 4: Median Wage of Black Workers Rebounded Recently

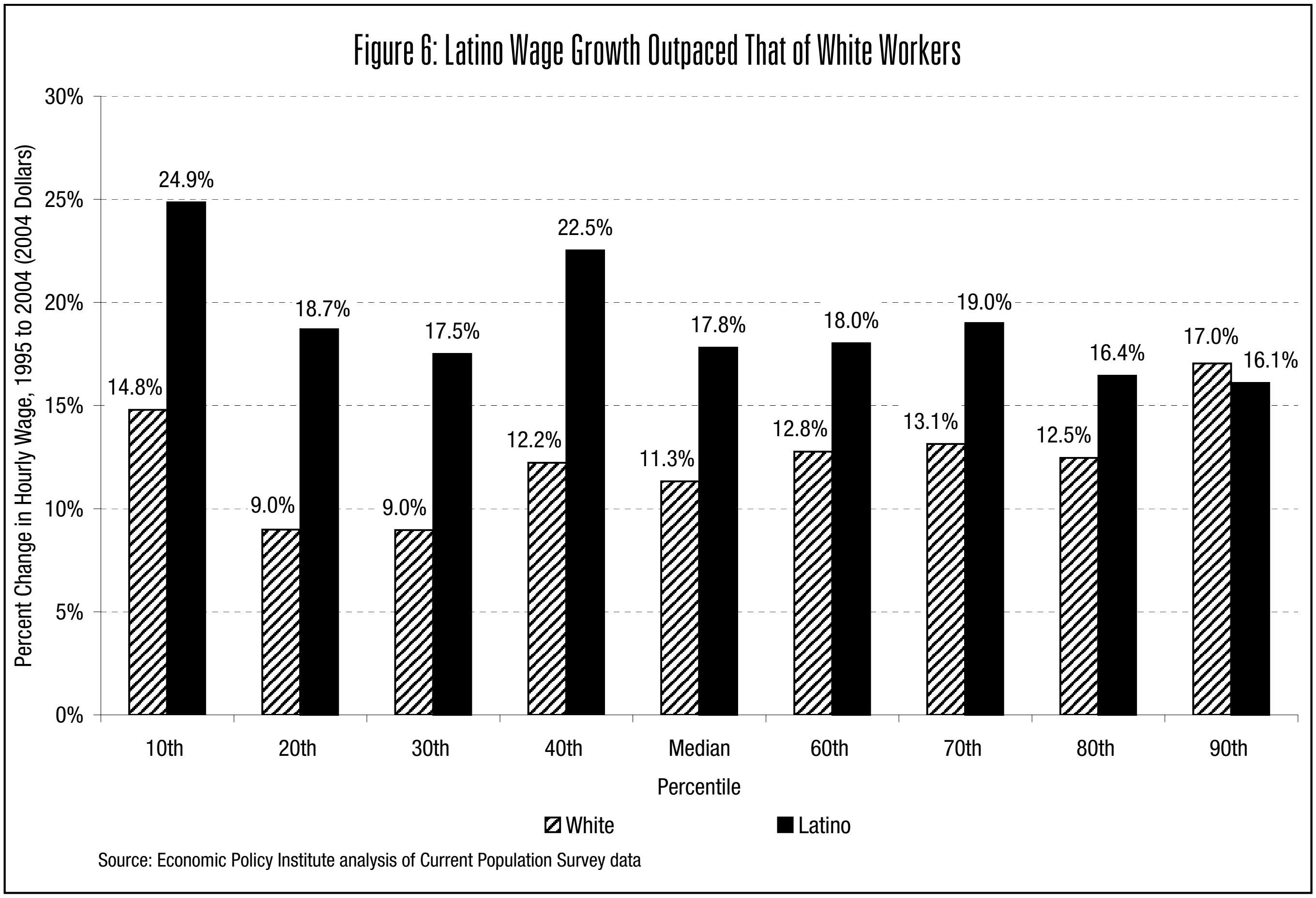



Source: Economic Policy Institute analysis of Current Population Survey data

Figure 5: Median Wages of Less-Educated Workers Increased Substantially Between 2000 and 2004




Source: Economic Policy Institute analysis of Current Population Survey data




While these workers experienced strong wage gains during the most recent period, their wages remain lower than those of their counterparts. The median or typical wage for female workers was just 87.4 percent of the typical wage of male workers in 2004, and the median wage of black workers was just 78.5 percent of that of white workers.

## Latino Workers' Wages Increased Substantially from 1995 to 2004, Outpacing the Wage Gains of White Workers

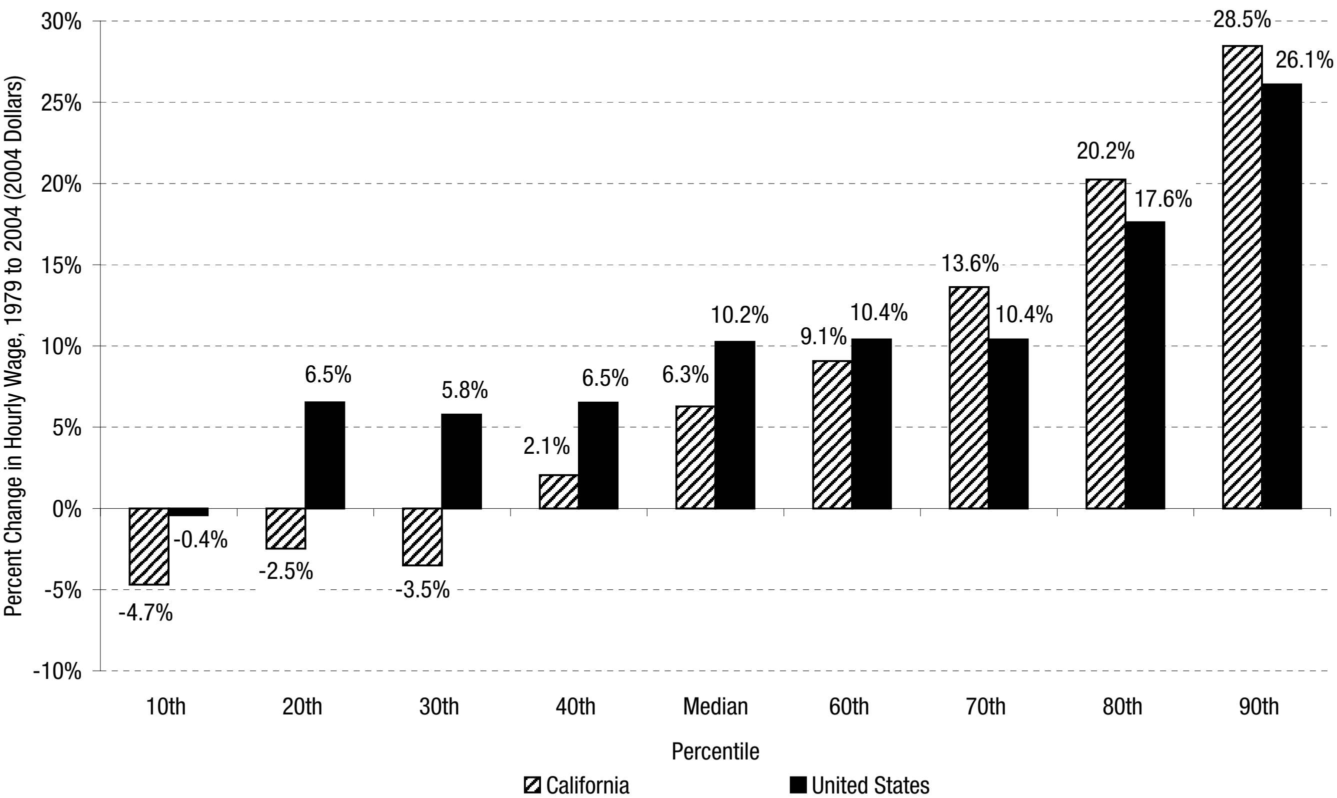
After falling between 1979 and 1995, Latino workers' wages have increased across the earnings distribution since 1995.[10] Moreover, these gains have even outpaced those of white workers (Figure 6). Inflation-adjusted wage increases among Latino workers were particularly striking for very low-wage workers, those at the 10th percentile, whose wages rose by 24.9 percent between 1995 and 2004. Despite these recent gains, a sizeable gap remains between white and Latino workers. The hourly wage of the typical Latino worker was just 55.7 percent of that of the typical white worker in 2004.

## The Gap Between Low- and High-Wage Workers Has Widened

The gap between California's low- and high-wage workers has widened over the past 25 years. Between 1979 and 2004, inflation-adjusted hourly wages of workers at the 20$^{th}$ percentile of the earnings distribution fell by 2.5 percent while the hourly wage of those at the 80$^{th}$ percentile of the earnings distribution rose by 20.2 percent (Figure 7). The median wage also increased, but by a lesser percentage than that for high-wage workers.

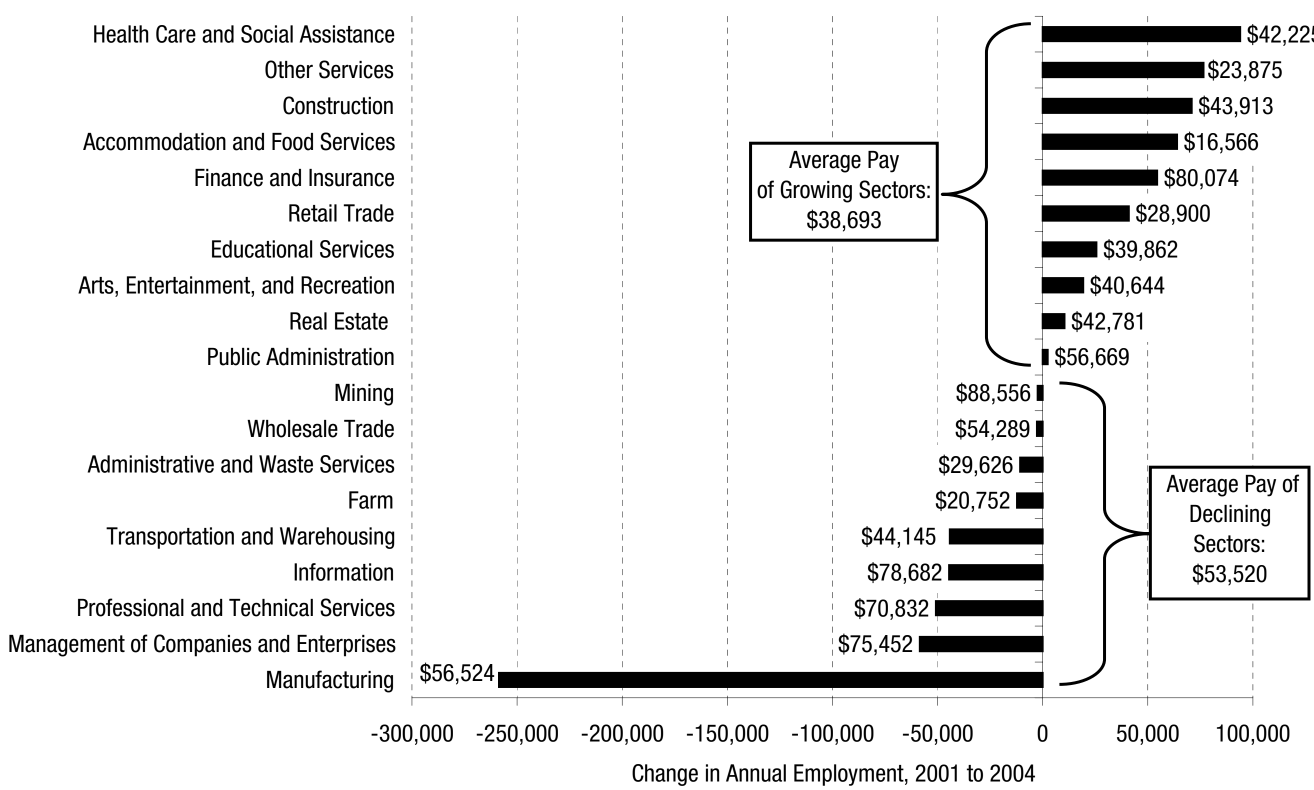
The gap between California's lowest -and highest-wage workers has widened by a greater degree than that for the nation as a whole. In 1979, the highest-paid California workers, those at the 90$^{th}$ percentile, earned 3.8 times more than the lowest-paid workers, those at the 10$^{th}$ percentile. Twenty-five years later, California's highest-paid workers earned 5.1 times more than the lowest-paid workers, compared to 4.4 times more for the nation as a whole.

## Figure 7: Purchasing Power of California's Low-Wage Workers' Wages Has Declined Since 1979




Source: Economic Policy Institute analysis of Current Population Survey data

## Figure 8: Expanding Industries Pay Lower Wages, on Average, Than Declining Industries




Source: Employment Development Department

| Table 5: Characteristics of Low-Wage Workers Compared to All Workers (2004) | | |
|---|---|---|
| | Low-Wage Workers | All Workers |
| Age | | |
| 16 to 19 | 16.8% | 4.2% |
| 20 to 24 | 23.5% | 11.6% |
| 25 to 64 | 59.7% | 84.2% |
| Gender | | |
| Male | 50.4% | 53.8% |
| Female | 49.6% | 46.2% |
| Race/Ethnicity | | |
| White | 26.5% | 47.2% |
| Latino | 57.1% | 32.1% |
| Other | 16.4% | 20.7% |
| Educational Attainment | | |
| Less Than High School | 44.3% | 15.7% |
| High School Degree | 25.4% | 21.4% |
| At Least Some College | 30.3% | 63.0% |
| Hours of Work | | |
| Full-time (35 or more hours per week) | 59.1% | 82.0% |
| Part-time | | |
| 20 to 34 hours per week | 28.1% | 13.1% |
| 1 to 19 hours per week | 12.8% | 4.9% |
| Industry | | |
| Educational and Health Services | 10.0% | 20.2% |
| Wholesale and Retail Trade | 22.2% | 14.8% |
| Manufacturing | 11.2% | 11.9% |
| Professional and Business Services | 8.1% | 10.8% |
| Leisure and Hospitality | 25.5% | 8.7% |
| All Others | 23.0% | 33.5% |
| Occupation | | |
| Service | 39.2% | 16.4% |
| Sales and Related | 17.0% | 11.1% |
| Production | 11.6% | 6.4% |
| Office and Administrative Support | 10.3% | 16.1% |
| All Others | 22.0% | 50.0% |

Note: Includes workers age 16 to 64. Low-wage workers are those with an hourly wage between $6.75 and $7.74. Some percentages may not add to 100 percent due to rounding.
Source: CBP analysis of Current Population Survey data

## Over 1.4 Million Californians Work for Very Low Wages

In 2004, over 1.4 million workers in California, about one out of every 10, earned within one dollar of the state's minimum wage.[11] Most of California's low-wage workers (59.7 percent) are between 25 and 64 years old and three out of five (59.1 percent) work full-time (Table 5). Low-wage California workers are disproportionately Latino (57.1 percent). Nearly one-third of the state's low-wage workers (30.3 percent) have at least some college education and another quarter (25.4 percent) have a high school degree.

Almost half of California workers who earn close to the minimum wage work in the leisure and hospitality industry (25.5 percent) and the wholesale and retail trade industry (22.2 percent). In addition, low-wage workers are disproportionately concentrated in service occupations. Two out of five low-wage workers (39.2 percent) are employed in service jobs, compared to 16.4 percent of all workers.

| Table 6: Five of 10 Occupations with the Greatest Projected Job Growth Between 2002 and 2012 Pay a Median Hourly Wage of Less Than $10 | | |
|---|---|---|
| Occupation | Employment Growth 2002 to 2012 | Median Hourly Wage (2004) |
| Retail Salespersons | 77,800 | $9.45 |
| Food Preparation and Service Workers, Including Fast Food | 62,200 | $7.79 |
| Cashiers | 61,900 | $8.56 |
| Registered Nurses | 56,800 | $30.24 |
| Waiters and Waitresses | 50,900 | $7.44 |
| Customer Service Representatives | 47,300 | $14.43 |
| Office Clerks | 46,200 | $12.17 |
| General and Operations Managers | 42,900 | $44.47 |
| Teacher Assistants | 42,700 | * |
| Janitors and Cleaners, Except Maids and Housekeeping Cleaners | 41,700 | $9.47 |

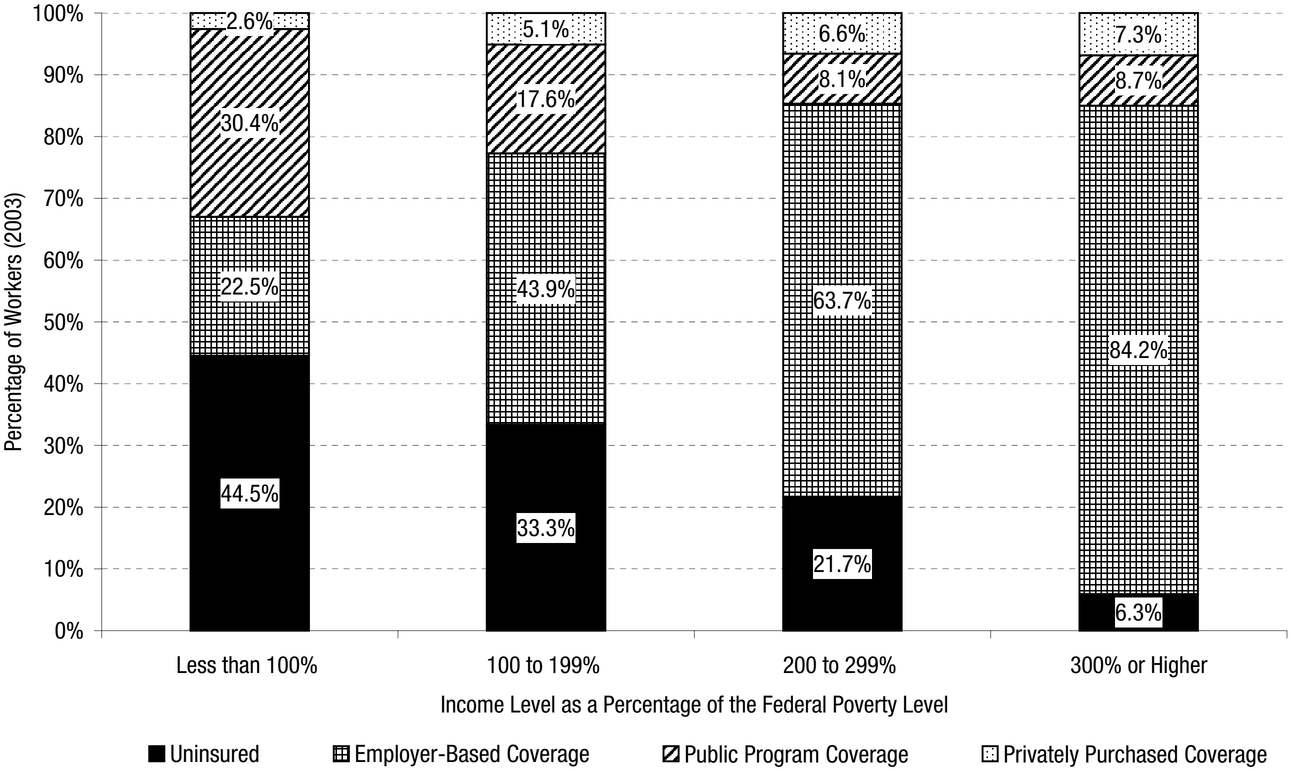
*These workers tend not to work full-time year-round, thus an hourly wage cannot be calculated. Median hourly wage data are reported for the first quarter of 2004.
Source: Employment Development Department

## The Number of Low-Paying Jobs in California Is Rising

The industries in the state that added jobs between 2001 and 2004 pay lower wages, on average, than industries that lost jobs. Between 2001 and 2004, industries that experienced a net increase in employment paid an average annual wage of $38,693, lower than the average wage of $53,520 for industries that experienced a net decrease in jobs (Figure 8).[12]

Forecasts project strong growth in a number of low-wage occupations. Between 2002 and 2012, the occupations forecast to have the largest number of job openings are primarily low-waged, such as retail salespersons, food preparation and service workers, and cashiers (Table 6). In fact, five of the top 10 occupations expected to add the most jobs during the forecast period pay a median hourly wage of less than $10, equivalent to an annual salary of $20,800 for full-time, full-year work.

Figure 9: Low-Income Workers More Likely to Lack Health Coverage Than Other Workers




Note: Includes workers age 18 to 64.
Source: UCLA Center for Health Policy Research

## California's Low-Income Workers Are More Likely to Be Uninsured

California's low-income workers are more likely to be uninsured than other workers. Approximately two out of five workers (44.5 percent) between the ages of 18 and 64 with incomes below the FPL lacked health coverage in 2003 (Figure 9).[13] In addition, 33.3 percent of workers with incomes between one and two times the FPL lacked health coverage. In contrast, approximately a fifth of workers (21.7 percent) with incomes two to three times the FPL lacked coverage in 2003 and just 6.3 percent of workers with incomes at least three times the FPL lacked coverage. Almost one out of six working adults in California (16.9 percent) lacked health coverage in 2003.

One reason that low-income workers tend to be uninsured is that they are less likely than other workers to receive health coverage from their employers. While the great majority (84.2 percent) of workers earning at least three times the FPL had job-based health coverage in 2003, just 22.5 percent of workers with incomes below the FPL had job-based coverage. Low-income workers are less likely to have employer-based coverage, in part, because they are less likely to be offered health coverage by their employer. Almost half of workers (47.6 percent) who earned less than the FPL were not offered health coverage by their employer in 2003, compared to just 6.7 percent of workers who earned three times or more than the FPL (Table 7).

Table 7: Low-Income Workers Are Less Likely to Be Offered Health Insurance by Their Employer Than Other Workers

| | Income as a Percentage of Federal Poverty Level | | | |
|---|---|---|---|---|
| | Less than 100% | 100% to 199% | 200% to 299% | 300% and Higher |
| Offered Health Insurance by Employer | 52.4% | 69.9% | 84.5% | 93.3% |
| Not Offered Health Insurance by Employer | 47.6% | 30.1% | 15.5% | 6.7% |

Note: Includes workers age 18 to 64 who are not self-employed. Workers who were offered health insurance by their employer may or may not have been eligible for or accepted health insurance coverage.
Source: UCLA Center for Health Policy Research

*Alissa Anderson Garcia prepared this Budget Brief. The California Budget Project (CBP) was founded in 1994 to provide Californians with a source of timely, objective, and accessible expertise on state fiscal and economic policy issues. The CBP engages in independent fiscal and policy analysis and public education with the goal of improving public policies affecting the economic and social well-being of low- and middle-income Californians. General operating support for the CBP is provided by foundation grants, individual donations, and subscriptions. Please visit the CBP's website at www.cbp.org.*

## ENDNOTES

[1] US Census Bureau, Income, *Poverty, and Health Insurance Coverage in the United States: 2004* (August 2005), p. 23.

[2] US Census Bureau, Historical Poverty Tables, Table 19. *Percent of Persons in Poverty, by State: 2002, 2003, 2004* downloaded from http://www.census.gov/hhes/www/poverty/histpov/hstpov19.html on August 30, 2005.

[3] US Census Bureau, Historical Poverty Tables, Table 21. *Number of Poor and Poverty Rate, by State: 1980 to 2004*, downloaded from http://www.census.gov/hhes/www/poverty/histpov/hstpov21.html on August 30, 2005.

[4] US Census Bureau, *California Population and Housing Narrative Profile: 2004*, downloaded from http://www.census.gov/acs/www/ on August 30, 2005.

[5] According to the National Bureau of Economic Research (NBER), the most recent recession began in March 2001 and ended in November 2001. NBER determines the start and end dates of business cycles by examining measures of real (inflation-adjusted) gross domestic product (GDP), real income, employment, industrial production, and wholesale-retail sales. Because their primary indicator of business cycles is real GDP, it is possible for employment to decline while the economy is in a period of expansion, as was the case during the most recent recession. For this reason, since November 2001, the recovery period has been referred to as a "jobless" recovery.

[6] The recession officially began in March 2001. March 2003 is used for comparison rather than July 2003, when state unemployment bottomed out, due to the lack of seasonally adjusted county level unemployment data to allow a consistent comparison with the start of the recession.

[7] California average annual industry employment downloaded from Employment Development Department, Labor Market Information Division, at http://www.calmis.cahwnet.gov/file/indhist/cal$haw.xls on June 10, 2005.

[8] Employment Development Department, Labor Market Information Division, *Los Angeles-Long Beach-Glendale Metro. Div. Employment and Labor Force – by Month*, downloaded from http://www.calmis.ca.gov/file/indhist/la$hws.xls on August 31, 2005.

[9] This difference is statistically significant at the .05 level.

[10] However, Latino wage gains did not exceed those of whites at the 90th percentile.

[11] Includes workers age 16 to 64 who earn an hourly wage of between $6.75 and $7.74.

[12] The Economic Development Department reports weekly wages by industry. The weighted average weekly wage was calculated for each industry based on the proportion of jobs by ownership type within an industry. The annual wage for an industry was calculated by multiplying the average weekly wage by 52 weeks. This methodology makes the implicit assumption that workers in these industries earn the same amount each week of the year, which may not be true for workers in seasonal jobs.

[13] These data are based on the 2002 FPL, which was $18,244 for a two-parent family with two children. Coverage offers are for 2003. For more information see UCLA Center for Health Policy Research, *The State of Health Insurance in California: Findings from the 2003 California Health Interview Survey* (August 2005).