



EMBARGOED FOR:
WEDNESDAY, January 26, 2005

CONTACT:
Barbara Baran (916) 444-0500

CALIFORNIA WORKING FAMILIES FALL SHORT

Larger Share Have Low Incomes, Less Education Than in the Rest of US

SACRAMENTO — California has a larger share of working families with low incomes than the rest of the United States, according to a report released today by the California Budget Project (CBP). Heads of households in these families were also less likely than their national counterparts to have a high school diploma or its equivalent. The study – *Working Hard, Falling Short: Investing in California’s Working Families* – warns that a failure to address these challenges could weaken California’s ability to compete in a global, knowledge-based economy.

“Many of tomorrow’s workers are the children of today’s low-income families,” said Barbara Baran, CBP associate director and author of the report. “Although California is in the enviable position of having a young, diverse workforce, we need to prepare our young people more effectively for the high-wage, high-skill jobs of the future.” Baran pointed to Governor Schwarzenegger’s interest in career technical education as an example of an investment that could move the state in the right direction.

The report finds that:

- Almost 30 percent of California’s working families with children had incomes below 200 percent of the federal poverty level in 2002, when the poverty level for a family of four was \$18,392. The comparable figure for similar families elsewhere in the United States was about 25 percent.
- The vast majority of low-income California families were working families in 2002. More than nine out of 10 families with incomes between 100 and 200 percent of the federal poverty level included adults with significant work effort over the previous year.
- In 2002, adults without a high school diploma or its equivalent headed about 40 percent of California’s low-income families. The comparable figure for the rest of the United States was about 23 percent.
- Almost half (45.8 percent) of California’s families with children and incomes below 200 percent of the poverty level included married parents. For the rest of the United States, that figure was 34.4 percent.

The report also cites evidence suggesting that by 2020, more than 70 percent of California’s prime working-age population will be non-white. Yet Latinos and blacks, for example, are less

likely to graduate from high school and to take the courses that would prepare them for college. In addition, the baby boom generation is reaching retirement age. “Given California’s shifting demographic profile, education and training must be a priority if employers want a skilled workforce in the future,” Baran said.

Noting the link between educational attainment and economic success, the report calls for more opportunities for low-income youth and working adults to obtain basic skills and qualify for postsecondary education. The report recommends keeping student fees at affordable levels, especially in community colleges; maintaining adequately funded, need-based financial aid programs for students; targeting outreach programs to low-income communities; building up vocational and technical education programs; and expanding adult education and occupational skills training.

The report also notes, however, that low-wage jobs are forecast to account for a large share of the California labor market. In 2003, more than half of all jobs in the state (52.4 percent) were in occupations with a median hourly wage of no more than \$15 per hour, equivalent to an annual income of no more than \$31,200 for a full-time, full-year worker. Many of these jobs are in the service sector, which is expected to expand in the coming years. The report concludes that the state can help low-income working families make ends meet by increasing the supply of affordable housing; increasing enrollment in publicly supported health programs; creating a state earned income tax credit; and fully funding state child care programs.

Reporters who agree to abide by the January 26 embargo may request advance copies of *Working Hard, Falling Short: Investing in California’s Working Families* by calling the CBP at (916) 444-0500 or sending an email with your name, publication, and telephone number to cbp@cbp.org. This press release may be downloaded from www.cbp.org/2005/0501wpr.pdf.

#

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. Support for the CPB comes from foundation grants, publications, and individual contributions.