

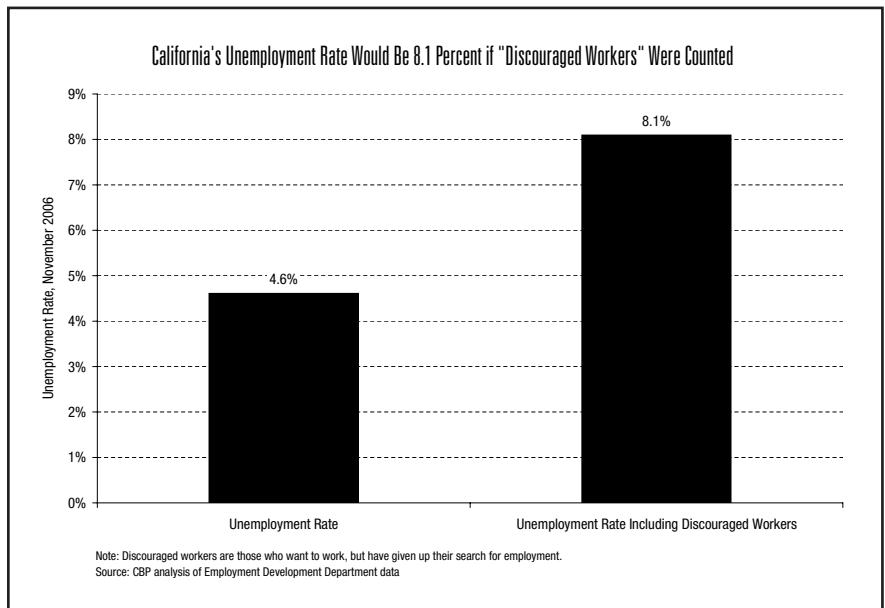
MANY CALIFORNIA WORKERS ARE STRUGGLING TO FIND WORK

Many California workers are struggling to find work, even though the economy is in its fifth year of a recovery. This finding stands in stark contrast to the state’s official unemployment rate in November 2006 – only one-tenth of one percent higher than that of October, which was the lowest reported unemployment rate of the past 30 years. However, the unemployment rate is artificially low because it fails to include the state’s “discouraged workers” – those who want to work, but have given up their search for employment. If discouraged workers were counted as unemployed, the state’s unemployment rate would be 8.1 percent. This *Policy Points* portrays a more complete picture of California’s employment situation than that suggested by the official unemployment rate alone.

K E Y F A C T S

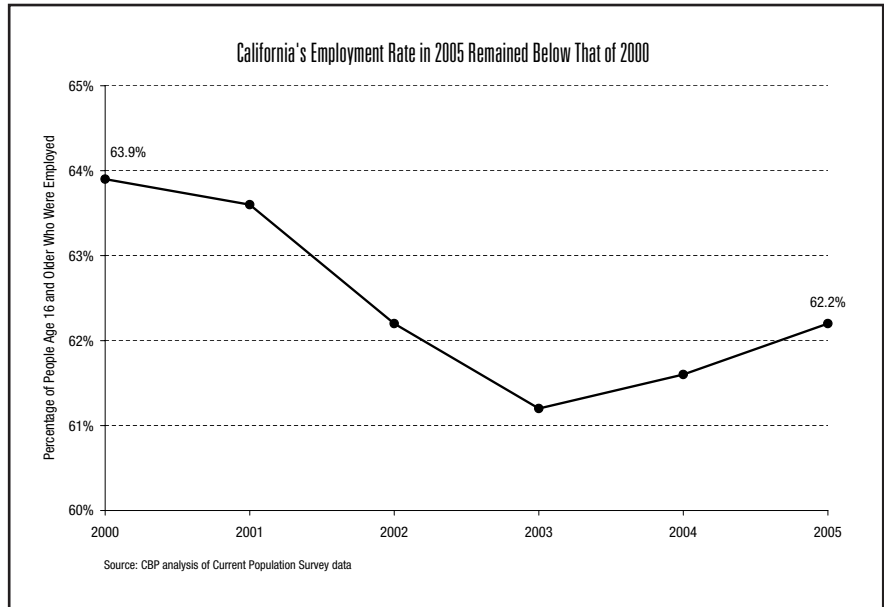
- California’s unemployment rate would be 8.1 percent if “discouraged workers” were counted as unemployed.

In November 2006, 678,000 Californians wanted to work, but had given up their search for employment. If these discouraged workers were added to the 824,000 officially unemployed Californians, the state’s unemployment rate would be 8.1 percent. This is considerably higher than the officially reported 4.6 percent unemployment rate.¹



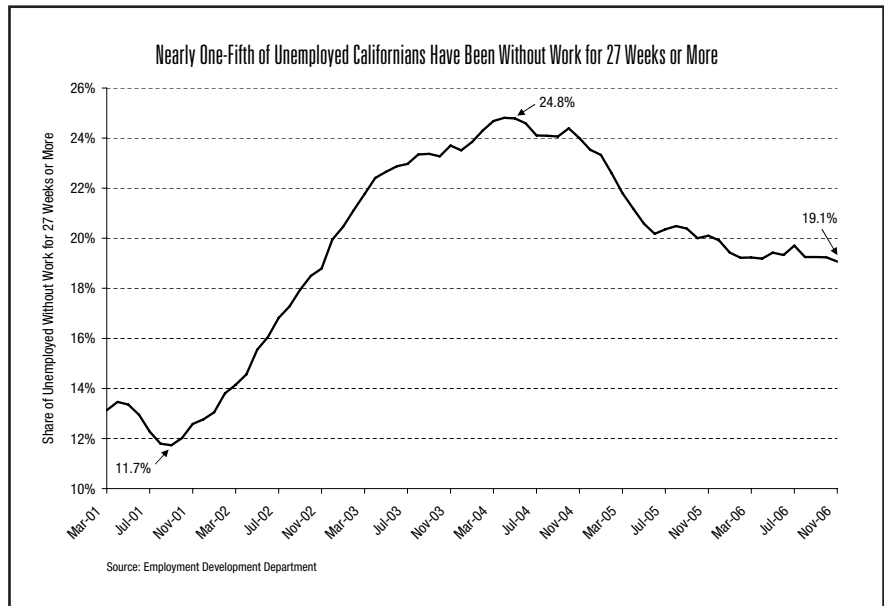
- California's employment rate was stagnant over the past year.

The employment rate – also known as the employment to population ratio – is a more significant measure than the unemployment rate because it compares the employed population to the total population.² Thus, discouraged workers are included as part of the jobless population. The employment rate was essentially unchanged over the past year. In November 2006, 62.3 percent of Californians were employed, compared with 62.4 percent in November 2005. In addition, the employment rate remained below what it was in 2000, at the economic peak. In 2005, 62.2 percent of Californians were employed, down from 63.9 percent in 2000.



- Nearly one-fifth of unemployed Californians have been without work for 27 weeks or more.

In November 2006, nearly one in five of the state's unemployed (19.1 percent) had been out of work for 27 weeks or more – well above the five-year low of 11.7 percent in September 2001. Another 15.4 percent of the unemployed had been out of work for 15 to 26 weeks.



■ **More than half a million Californians work part-time, but want full-time work.**

In November 2006, 603,000 Californians were employed part-time, but wanted to work full-time.³ The primary reasons workers reported working part-time were that they were unable to find full-time work, or that their employers faced insufficient demand to support additional work hours. In November 2006, 3.6 percent of workers worked part-time, but wanted full-time work – essentially the same share as one year earlier (3.7 percent).

Alissa Anderson Garcia prepared this Policy Points. 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 According to the Employment Development Department, the unemployment rate counts people as unemployed only if they looked for work in the prior four weeks.
- ² The employment rate is the percentage of people age 16 and older who are employed.
- ³ Part-time is defined as fewer than 35 hours of work per week. Figures in this section are 12-month averages.