



CALIFORNIA BUDGET PROJECT

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This Labor Day, Young Californians and the Long-Term Unemployed Face Especially Tough Job Market

Smart State and Federal Policy Choices Critical To Keeping Economy Afloat for All

SACRAMENTO -- A new report released for Labor Day from the California Budget Project, a nonpartisan public policy research group, finds that California and the nation remain stuck between a recession and a recovery and that the impact of the downturn has been particularly harsh for 16-to-24-year-olds and the long-term unemployed.

Stuck Between a Recession and a Recovery: California's Workers Face the Toughest Job Market in Decades finds that while California gained a modest number of jobs in early 2010, many of the jobs were temporary and related to the Census. This weak level of job growth was insufficient to substantially bring down the unemployment rate. In July, nearly 2.3 million Californians remained unemployed, and the average jobless Californian spent a record-high eight months unsuccessfully looking for work. Employers have cut back workers' hours, and the average length of the workweek reached a 25-year low, further depressing workers' paychecks.

"The economy is stuck: It isn't getting worse, but it also isn't getting much better," said Alissa Anderson, deputy director of the CBP and author of the report. "Gaining an understanding of what's really happening in the economy is critical so that we can make smart policy choices that will get it moving again."

The report found:

Nearly 1 million Californians have been out of work for more than half a year. In July 2010, 980,000 Californians -- a number larger than the population of San Francisco -- had been looking for work for more than half a year, up nearly sevenfold from three years ago.

Jobs remain scarce, and the long-term unemployed are the least likely to find work. National data show that there were five people looking for work for every job available, and that the odds of finding a job decline significantly the longer someone goes without work.

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The downturn has been particularly devastating for 16-to-24-year-olds. The share of young Californians not in high school or college who were working dropped significantly during the downturn, more than for any other age group. In 2009, for the first time on record, a smaller share of out-of-school youth were working than were Californians approaching the traditional retirement age.

The report's findings underscore the need for sound policy choices at the federal and state level, particularly as state legislators work to craft a budget compromise in the upcoming weeks.

"Our future depends upon an economy that works for everyone," said Jean Ross, executive director of the CBP. "The American Recovery and Reinvestment Act has kept the country from spiraling into a deeper recession. But now that these dollars are running out, state and local budget cuts pose the greatest risk to a continued recovery."

The report also found that the incomes of middle-income Californians have lost ground since 2000, while the wealthiest have made significant income gains. This finding calls into question a "tax swap" recently proposed by Democratic legislative leaders as part of a proposed budget deal which would disproportionately affect middle-income families, while sparing high-income Californians, said Ross.

"Tax policy should be used to narrow income gaps, or, at the very least, do no harm," said Ross. "When the economy is weak, leading economists argue that it is economically preferable to raise taxes on those with high incomes than to cut state spending."

The CBP will hold a call today, August 31 at 11:00 a.m. on the new report for the media only. The call-in number is (800) 290-9461 and the password is Labor Day. The report is embargoed for Saturday, September 4 at 12:01 a.m. A copy of the report is available for those who agree to honor the embargo. To obtain a copy of the report, email Lisa Gardiner at lgardiner@cbp.org.

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The California Budget Project (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 CBP comes from foundation grants, publications, and individual contributions. Please visit the CBP's website at www.cbp.org.