



CALIFORNIA BUDGET PROJECT

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On Labor Day 2011, California Faces a Historically Low Level of Employment and Declining Earnings for the Typical Worker

Two Years Since End of Recession, State Has Barely Begun To Erase Major Jobs Deficit

SACRAMENTO, CA – A new report for Labor Day from the California Budget Project, a nonprofit, nonpartisan public policy research organization, finds that California and the nation are on the edge between a recession and a recovery, and that – while economists believe that the Great Recession technically ended in June 2009 – the past couple of years have been a recovery in name only.

On the Edge: California's Workers Still Face the Toughest Job Market in Decades finds that a record *low* share of working-age Californians have jobs; nearly a record *high* share of the state's unemployed have been looking for work for more than half a year; and the typical California worker's hourly wage has *lower* purchasing power than at any point in the past 10 years. The state has gained back just a fraction of the jobs it lost since the recession began, which means that millions of Californians continue to struggle in the wake of the most severe recession in decades.

"There were some signs of a recovery during late 2010, but in the past six months we saw hopes of a strong rebound fade," said Alissa Anderson, deputy director of the CBP and the report's author. "Coupled with the latest figures showing extremely slow growth in the national economy, these state trends make it clear that we're a long way from a recovery that makes a real difference for California's workers and their families."

The report found:

California still has a massive jobs deficit. By July 2011, the most recent month for which data are available, the state had gained back only 226,800 jobs – just one out of six (16.6 percent) of the nearly 1.4 million jobs the state lost during the downturn. Even more troubling, job growth stalled in early 2011. California added an average of just 2,760 jobs per month between February 2011 and July 2011.

Public sector job losses offset private sector job gains. Between June 2010 and June 2011, California lost 24,500 state and local government jobs (1.1 percent) – approximately one job lost for every nine private sector jobs the state gained. In addition, over the past three years, California lost public sector jobs at a rate twice that for the nation as a whole.

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California's job growth over the past year was geographically uneven. Just nine of California's 28 metropolitan areas gained jobs between June 2010 and June 2011. Further, many of the metropolitan areas that were hit hardest by the recession continued to lose jobs over the past year. For example, the Inland Empire – Riverside and San Bernardino counties, where a bigger housing boom resulted in a bigger housing bust – lost 10,300 jobs between June 2010 and June 2011, the largest number of any metropolitan area.

The weak job market over the past four years eroded the purchasing power of the typical worker's hourly earnings. The inflation-adjusted hourly wage of California's typical worker – the worker exactly at the middle of the earnings distribution – declined by 1.9 percent between 2006, the year before the Great Recession began, and 2010, the most recent year for which data are available. In fact, the typical worker's hourly wage had lower purchasing power in 2010 than at any point in the past 10 years.

The report notes that the historically weak economic and employment picture has economists concerned that the Great Recession may transform into the Great Stagnation – a long period of slow economic growth too weak to generate the jobs that millions of unemployed need.

"These findings show that the recession continues to take a serious toll on the state's families and its economy," said Jean Ross, executive director of the CBP. "State and federal policymakers should focus on proven strategies for improving the state's competitiveness – strengthening our schools, our colleges and universities, and other public structures that are fundamental to a healthy economy, while maintaining a solid safety net for those who have been hardest hit by the downturn."

The CBP will hold a media call today, August 30, at 11:00 a.m. on the new report. The call-in number is 800-290-9461, and the password is "Jobs 2011." The report is embargoed for Saturday, September 3, at 11:45 p.m. A copy of the report is available for those who agree to honor the embargo. To obtain a copy of the report, email Steven Bliss at sbliss@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.