



CALIFORNIA BUDGET PROJECT

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## This Labor Day, California's Job Market Is Improving, But Still Far From Full Recovery

### Typical Worker's Hourly Wage Hits Lowest Level Since 1998; Public Sector Job Losses Still Hinder Recovery

SACRAMENTO—A new report for Labor Day from the California Budget Project, a nonprofit, nonpartisan public policy research organization, finds that three years since the end of the Great Recession, California still has a deep hole in its job market and is gaining jobs far more slowly than needed to fully recover any time soon.

*Waiting for Recovery* finds that California has regained only a portion of the jobs it lost during the Great Recession and notes that the state's jobless rate – which stood at 10.7 percent in July 2012 – has been in the double digits for 42 consecutive months. *Waiting for Recovery* also finds that long-term joblessness remains near a record high and that workers' wages continue to lose purchasing power amid a weak job market.

The lone bright spot in the report is that California's private sector job growth outpaced that in the nation as a whole between June 2011 and June 2012. However, job losses in California's public sector were greater than in the nation as a whole – in percentage terms – and offset some of the state's gains in the private sector. These public sector job losses largely reflect a decline in employment in K-12 public schools and community colleges.

The report finds that:

**California still has a deep hole in its job market and full recovery remains a long way off.** The current recovery is far weaker than every other recovery in recent history. California has gained back fewer than two-fifths of the 1.4 million jobs it lost during the Great Recession. Moreover, at the current pace of job growth, California is unlikely to fully recover from the downturn any time soon. Between July 2011 and July 2012, California gained about 30,000 jobs per month, on average. However, California would need to more than double the number of jobs gained per month to close its job shortfall within three years, while keeping up with population growth.

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**Private sector job gains far outpaced those in the US as a whole.** Between June 2011 and June 2012, the number of private sector jobs rose by 2.7 percent in California, compared to a 1.8 percent increase in the nation as a whole. The sectors with the strongest job growth in California were information services – which includes several high-tech industries – construction, and professional and business services.

**Public sector job losses continued to offset private sector job gains.** California lost more than 31,000 state and local government jobs between June 2011 and June 2012, equal to approximately one job lost for every 10 private sector jobs gained. More than three-quarters of these lost public sector jobs were in K-12 public schools and community colleges. State and local public sector jobs in California dropped by 1.4 percent, more than twice the decline in the nation as a whole.

**Long-term unemployment in California is down only modestly from a record high.** In July 2012, about 700,000 jobless Californians – more than one-third (34.8 percent) of the unemployed – had gone without work for at least one year. This is down only slightly from the peak of 730,000 in May 2011.

**Black Californians continue to see a decline in employment.** Between July 2011 and July 2012, the employment rate among black Californians of prime working age – those ages 25 to 54 – declined by eight-tenths (0.8) of a percentage point, while it increased modestly among similarly aged Latinos (by 1.3 percentage points), whites (by 1.0 percentage point), and Asians (by two-tenths (0.2) of a percentage point). Only around six out of 10 prime-working-age black Californians had jobs in July 2012, well below the share of similarly aged Latinos, whites, and Asians.

**Women in California made weaker employment gains than men.** Between July 2011 and July 2012, the employment rate among prime-working-age women rose by less than a percentage point, from 64.0 percent to 64.7 percent, well below the 1.4 percentage point gain in the employment rate among similarly aged men, which rose from 79.2 percent to 80.6 percent. The weaker employment gains among women partly reflect the continued drop in public sector jobs, especially in public schools, where women account for more than seven out of 10 employees.

**Workers' wages continue to lose purchasing power due to the weak job market and high competition for available positions.** Between 2006 and 2011, the typical California worker – the worker with earnings exactly at the middle of the distribution – saw her hourly wage drop by nearly 5 percent, after adjusting for inflation, falling to its lowest level since 1998.

The findings from *Waiting for Recovery* underscore the need for policymakers to maintain a strong safety net for families still struggling in the wake of the Great Recession. The report also points to the importance of investing in proven strategies to improve California's competitiveness – strengthening the state's schools, colleges and universities, and other building blocks of a strong economy.

The full report is available online at the CBP's website, [www.cbp.org](http://www.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, subscriptions, and individual contributions. Please visit the CBP's website at [www.cbp.org](http://www.cbp.org).*