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California Wage Gains Outpace Those of the Nation; Women's Gains Surpass Those of Male Workers in Recent Decades

[Sacramento] – Wage gains of California workers outpaced those of the nation as a whole between the first half of 2000 and the first half of 2003. Hourly wages for the California worker at the midpoint of the earnings distribution increased by 6.8 percent after adjusting for inflation, double the 3.4 percent increase for the typical US worker during the same period. While both California and the US have lost jobs since the formal end of the most recent recession in November 2001 - leading economists to call this recovery a jobless recovery - California's employment picture has fared better than that of the US. Between November 2001 and July 2003, California lost 52,800 jobs, a 0.4 percent drop. In contrast, the nation lost 1,030,000 jobs, a reduction of 0.8 percent.

The California Budget Project (CBP), a nonprofit, nonpartisan research group, released a fact sheet examining the status of the California workforce along with a new report, *One Step Forward: California Working Women Make Gains Over the Last Two Decades*, to mark Labor Day 2003. "Labor Day is traditionally a time for taking stock of the status of workers and their families," said Jean Ross, Executive Director of the CBP. "California's workers have done better than their counterparts in the nation as a whole over the past three years," noted Ross.

"The recent gains of California's working women stand out on this Labor Day," stated Ross. "Women across the earnings distribution have made progress in recent decades. In contrast, many working men have seen their earnings fail to keep pace with inflation." In recent years:

- Hourly wages have increased modestly for the "typical" (median) worker, while the earnings of low-wage workers did not keep pace with inflation between 1979 and 2002.
- Important differences lie behind this broad trend. Since 1989, the wages of the typical woman, white, and Asian worker have risen faster than inflation; while the hourly wage of the typical black worker matched inflation; and the hourly wage of the typical Latino worker failed to keep pace with inflation.
- Similarly, the hourly wages of the typical worker with no more than a high school diploma have not kept pace with inflation, while those of workers with more education have risen faster than inflation.

Key findings presented in the new report include:

Women Make Strong Gains

- The hourly wage of the typical woman worker increased 23.7 percent, after adjusting for inflation, between 1979 and 2002. Wage gains vary by race and ethnicity, with the largest increases going to white, Asian, and black women, respectively. However, the wages of the typical Latina barely kept pace with inflation.
- Women's wage gains exceeded those of men with similar levels of educational attainment between 1979 and 2002.
- Women's wage gains are due in part to the fact that an increasing share of women moved into higher paying occupations that experienced strong wage growth between 1989 and 2002.

Women's Progress Stands in Contrast to That of Many Male Workers

- Women's relative progress stands in stark contrast to that of male workers. The hourly wage of the typical male worker fell 7.3 percent, after adjusting for inflation, between 1979 and 2002. The hourly earnings of low-wage (20th percentile) men fell by 15.4 percent.
- Women still earn less than men across the earnings distribution, even after controlling for education.
- The influx of women into the low-wage labor market caused by welfare reform appears to have dampened wage growth. While wages of low-wage workers rose for both women and men between 1997 and 2002, the increase in women's wages was much less than that for men, after posting strong gains since 1979. This suggests that the increase of women in the low-wage workforce dampened wage growth.

Copies of *One Step Forward: California Working Women Make Gains Over the Last Two Decades* are available on the California Budget Project's web site at www.cbp.org/2003/030827WomensReport.pdf

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The wage and pension data analyzed by the CBP in One Step Forward: California Working Women Make Gains Over the Last Two Decades uses a sample from the Current Population Survey Outgoing Rotation Group data that includes adults who are between 25 and 64 years of age; are employed in the public or private sector; worked between 1 and 99 hours per week or variable hours; and earned hourly wages between \$0.50 and \$100 per hour (in 1989 CPI-U-RS adjusted dollars).

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 CBP comes from foundation grants, publications, and individual contributions