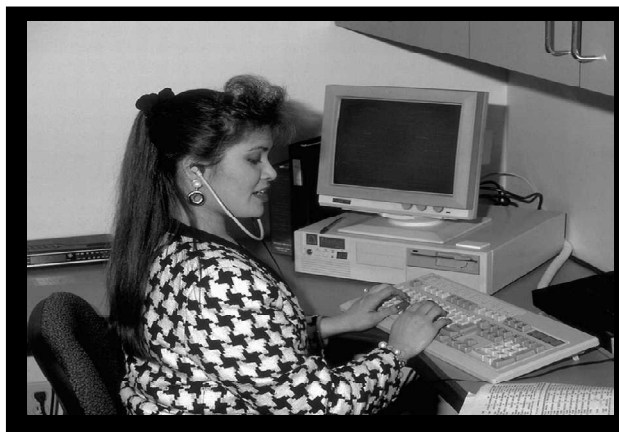




BOOM, BUST, AND BEYOND: THE STATE OF WORKING CALIFORNIA



A Publication of the California Budget Project
January 2003

CALIFORNIA BUDGET PROJECT

David Carroll and Jean Ross wrote this report based on research and analysis by Dan Galpern and David Carroll. Delaine McCullough analyzed the wage data presented in Chapter 2. Support for *Boom, Bust, And Beyond: The State Of Working California* was provided by grants from the Rosenberg and Charles Stewart Mott Foundations. The Women's Foundation provided support for analyses of women's wage and income trends.

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. Support for the CBP comes from foundation grants, publications, and individual contributions.

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January 2003

ACKNOWLEDGMENTS

The CBP would like to thank the Economic Policy Institute (EPI) for preparing and providing data sets from the US Census Bureau Current Population Survey Outgoing Rotation Group. In addition, the EPI, and Noelle Gundersen in particular, were helpful in providing additional analysis and assistance. Special thanks also to Steven Hipple of the US Bureau of Labor Statistics, who provided the CBP with unpublished data on the contingent workforce in California. In addition, Deana Carrillo, Scott Graves, Debi Johnson, and Erin Riches of the CBP were of great assistance during various stages of producing this report.

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BOOM, BUST, AND BEYOND: THE STATE OF WORKING CALIFORNIA

KEY FINDINGS

This report explores the fortunes of California's workers in the boom and the bust, and examines the prospects for the future. The economic expansion, which ended in early 2001, produced mixed results for California's workers and their families. California experienced unprecedented job growth during the expansion, adding more than 500,000 jobs between 1999 and 2000 alone. However, the wages and incomes of many workers and their families barely surpassed inflation, despite strong job growth and record low unemployment. For many families, the recent gains result from the fact that families are working longer and harder simply to make ends meet.

For decades, the economic well-being of Californians surpassed that of the nation as measured by a number of indicators. Californians enjoyed higher incomes and wages, as well as a standard of living that was the envy of the nation. During the 1990s, however, Californians fell behind. Since the 1989 peak of the last expansion, California has lagged the nation with respect to a number of key indicators of economic well-being. California's relatively poor performance, coupled with lingering sluggishness in state and national labor markets, poses challenges for the state and its policymakers: what steps should be taken to build an economy that provides broad-based prosperity for California's workers and families, and how can the state build a system of work supports that complements families' earnings when the economy fails to provide that prosperity?

INCOMES GROW SLOWLY FOR MANY CALIFORNIANS IN THE 1990s

- Despite strong economic growth, the income of the household at the midpoint of the California income distribution rose by just 3.9 percent, from \$45,507 to \$47,262, between 1989 and 2001 after adjusting for inflation.¹ This increase trailed the national growth of 6.0 percent over the same period.
- The income of the typical four-person California family increased by 10.1 percent between 1989 and 2000, lower than the national increase of 13.8 percent.
- Many California families did not share in the economic progress of the late 1990s and have lower incomes than two decades before. Census data indicate that the incomes of the poorest fifth of the state's families fell by 5.5 percent, and the second-to-the-poorest fifth fell by 1.1 percent, between the late 1970s and the late 1990s.
- In contrast, the average income of the wealthiest 5 percent of the state's families increased by 50.4 percent between the late 1970s and late 1990s. Census data indicate widening income inequality between the richest and poorest California families; this gap is growing faster than for the nation as a whole.
- The average income of state income taxpayers in the middle of the state's income distribution increased by 8.5 percent between 1993 and 2000, from \$28,873 to \$31,323. In contrast, the income of the top 5 percent of taxpayers more than doubled, from \$245,653 to \$524,867, an increase of 113.7 percent.

WAGE GROWTH IS UNEVEN; INEQUALITY GROWS

- The hourly earnings of the typical (“median”) California wage earner – the worker at the midpoint of the earnings distribution – barely kept pace with inflation over the last two decades. The median hourly wage increased by 1.4 percent between 1989 and 2001, and by 2.1 percent between 1979 and 2001. In contrast, the national median hourly wage increased much more: 4.9 percent between 1989 and 2001, and 4.0 percent between 1979 and 2001.
- The hourly earnings of low-wage workers – workers at the 20th percentile – stayed essentially flat between 1989 and 2001, increasing by just 0.4 percent. However, low-wage workers’ hourly earnings were 4.4 percent lower in 2001 than they were in 1979.
- In contrast, the hourly wages of workers at the 80th percentile rose by 12.1 percent between 1989 and 2001, and by 17.0 percent between 1979 and 2001.
- The disparity in wage growth has substantially widened the gap between high- and low-wage workers. In 1989 the worker at the 80th percentile earned 2.7 times the wage of the worker at the 20th percentile. In 2001, the worker at the 80th percentile earned 2.9 times as much as the worker at the 20th percentile.

WAGE GAINS DIFFER BY GENDER, RACE, AND EDUCATION

- The gender wage gap narrowed between 1989 and 1996, and then widened through 2001. The median female worker earned 86.6 percent of the wage earned by the median male worker in 1996, but earned 80.9 percent as much as her male counterpart in 2001.
- After 1996, the gender wage gap widened substantially for workers at the low end of the wage distribution. The woman at the 20th percentile of the wage distribution earned 93.3 percent of the wage earned by the man at the 20th percentile in 1996, but earned only 84.2 percent as much as her male counterpart in 2001. These trends suggest that the entry of more women into the workforce associated with the 1996 federal welfare law may have slowed the wage gains of female workers during the late 1990s.
- Wage growth has varied substantially by race and ethnicity. Hourly earnings increased by 10.3 percent for the typical white worker, and 10.8 percent for the typical Asian worker, between 1989 and 2001. However, hourly earnings of the typical black worker remained essentially flat, rising just 0.1 percent. Hourly wages earned by the median Latino worker fell by 3.3 percent.
- The wage gap between white workers and black and Latino workers increased substantially between 1989 and 2001. The typical black worker earned 81.2 percent of the wage earned by the typical white worker in 1989, but only 73.7 percent in 2001. The typical Latino worker earned 60.0 percent of the wage earned by the typical white worker in 1989, but only 52.6 percent in 2001.
- The hourly wages of the typical worker with no more than a high school education failed to keep pace with inflation between 1989 and 2001, while the growth in earnings of workers with at least some college exceeded inflation. After adjusting for inflation, the median hourly wage of workers with less than a high school degree dropped by 10.7 percent, and the median wage of workers with a high school degree dropped by 5.5 percent. In contrast, the median earnings of workers with some college rose by 3.6 percent and the median earnings of workers with at least a bachelor’s degree increased by 10.4 percent.

WAGE GROWTH VARIES BY SECTOR, UNION COVERAGE, AND REGION

- Wage gains also varied substantially by sector of the economy. Government workers' hourly wages increased by 12.7 percent between 1989 and 2001, while the typical construction worker's hourly wage fell 10.3 percent and the wage of the typical worker in nondurable goods manufacturing fell by 9.3 percent during the same period.
- The typical worker represented by a labor union earned \$4.05 per hour more than her or his non-union counterpart in 2001. However, the gap between union and non-union workers' wages has narrowed slightly over the past decade as wages for non-union workers have experienced stronger growth than wages for workers represented by labor union contracts.
- The wages of many Los Angeles County workers lost purchasing power in the 1990s. Hourly wages declined across the earnings distribution in Los Angeles County, with low-wage male workers suffering the largest decline. Wage gains were weak even among Los Angeles County workers with a bachelor's degree or higher. However, typical white and Asian workers experienced substantial wage gains, while wages stagnated or declined for typical black and Latino workers.
- Wages in the Bay Area outperformed those of the state as a whole between 1989 and 2001. The median hourly wage for Bay Area workers increased by 10.3 percent between 1989 and 2001, and the 80th percentile wage increased by 20.6 percent.² However, wages for the typical Bay Area black and Latino workers declined over the same period. Workers with at least a bachelor's degree experienced especially strong wage growth.

DESPITE INCREASED WORK EFFORT, MANY FAMILIES STRUGGLE TO MAKE ENDS MEET

- California's married couple families worked, on average, ten weeks longer each year in the late 1990s than they did in the late 1970s, and almost five weeks more than they did in the late 1980s. The percentage increase in work effort over the past two decades was larger for the poorest fifth of families, which worked the equivalent of nearly ten additional weeks – 378 hours per year – more in the late 1990s than they did in the late 1970s.
- Single parent families also increased their work effort, working, on average, the equivalent of 7.6 additional weeks of full-time work in the late 1990s as compared to the late 1970s. Most of this increase, 6.1 weeks, occurred during the 1990s.
- Over 1.5 million Californians worked at or near the minimum wage in 2001 (\$6.25 to \$7.25 per hour), and eight out of ten (79.9 percent) were adults. Over half (55.7 percent) worked full-time, over half (55.4 percent) were women, and over half (52.7 percent) were Latino.
- Nearly two million Californians, including over a million children, live in families that are working, but have incomes below the federal poverty level (FPL). Nearly two-thirds (62 percent) of California's poor families with children have significant work effort. Nearly half (46 percent) of working poor families with children have at least one full-time worker, but still earn less than the FPL.
- About three in five Californians (58.2 percent) under the age of 65 had job-based health coverage in 2001. More than one in five (21.3 percent) lacked any health coverage in 2001, higher than any other populous state except Texas.
- Low-income families are much more likely to lack health coverage. Nearly one-third (30.0 percent) of Californians under the age of 65 with incomes below the FPL lacked health coverage in 2001. In contrast, only 5.8 percent of those with incomes above 300 percent of the FPL lacked coverage.

- Nearly two-thirds (62.4 percent) of uninsured Californians between the ages of 25 and 64 are employed. Over eight in ten (85 percent) of uninsured Californians under the age of 65 are workers and their dependents.
- The share of California workers with job-based pension coverage increased from 35.8 percent in the late 1980s to 41.2 percent in 1999-2001.³ However, pension coverage is still significantly lower than in 1979-81, when nearly half of workers (45.7 percent) had employer-provided pensions. Pension coverage fell most for Latinos and males.
- Many California workers do not make enough to support a family. Nearly one out of ten 2001 California wage earners (9.1 percent) earned less than the full-time hourly wage equivalent needed to move a family of three out of poverty, up from 7.7 percent in 1989. However, two-thirds (67.8 percent) of California workers earn less than the amount needed by a single parent to support a family of three (\$20.89 per hour).⁴
- One in eight workers (12.9 percent) in Los Angeles County earned less than the full-time hourly wage equivalent needed to move a family of three out of poverty in 2001. Nearly three-quarters (73.0 percent) earned less than the amount needed by a single parent to support a family of three (\$20.60 per hour).⁵
- One in 25 workers (4.1 percent) in Bay Area counties earned less than the full-time hourly wage equivalent needed to move a family of three out of poverty in 2001. However, seven in ten workers (69.3 percent) earned less than the amount needed by a single parent to support a family of three (\$25.99 per hour).⁶

CALIFORNIA'S BOOM ECONOMY PEAKS IN 2001

- The state experienced unprecedented economic growth in the late 1990s; half a million jobs were added between 1999 and 2000 alone. In 2000, California's annual unemployment rate reached 5.0 percent, its lowest level since 1969. However, unemployment has risen since the beginning of 2001, and monthly unemployment rates have exceeded 6 percent since November 2001.
- The service sector grew twice as fast as the economy as a whole over the last decade; the number of computer service jobs alone doubled between 1996 and 2001. In contrast, the number of jobs in the manufacturing sector declined between 1989 and 2001.
- Between January 2001 and September 2002, the number of jobs in the state declined by 67,500. Durable goods manufacturing has suffered the brunt of the state's job loss, losing 125,900 jobs, including 45,700 in electronics manufacturing, a key component of the high technology sector. The business services industry, also associated with the high technology boom, has lost over 100,000 jobs since January 2001. Other sectors, including the retail trade and public sectors, have continued to grow during the downturn.
- Unemployed workers are taking increasing amounts of time to find a new job, indicating continued weakness in the labor market. The share of California's jobless who have been unemployed for more than six months has risen every month since September 2001. In September 2002, nearly one out of five unemployed workers (17.9 percent) had been unemployed six months or more.⁷
- The impact of the economic downturn has been harshest in the San Francisco Bay Area, the heart of the high technology sector in the state. The unemployment rate in the Bay Area has more than doubled, from 2.4 percent to 6.0 percent, between September 2000 and September 2002. In comparison, the San Joaquin Valley has been relatively unaffected by the downturn.

- Unemployment rates for blacks and teenagers have increased more than the unemployment rate for the state as a whole. The unemployment rate for black workers rose from 8.0 percent in September 2001 to 11.0 percent in September 2002. The teen unemployment rate increased to 18.2 percent in September 2002 from 15.3 percent a year earlier.
- Many of the jobs state forecasters predict will be added to the economy over the next decade pay low wages. Nearly half (48.3 percent) of the job growth projected between 2000 and 2010 is projected in occupations with median hourly wages of \$15 or less.
- Nearly half of the jobs (47.2 percent) that are forecasted to be added between 2000 and 2010 require only short to moderate training.

INCOME AND JOB TRENDS VARY SUBSTANTIALLY BY REGION

- Per capita income grew in eight of California's ten regions from 1989 to 1999, including a 20.8 percent increase in the San Francisco Bay Area.⁸ Per capita income fell 1.3 percent in Los Angeles County and declined by 0.4 percent in other Southern California counties (Orange, Riverside, San Bernardino, and Ventura Counties).
- The number of nonfarm jobs in the Greater Sacramento area grew by 35.8 percent between 1989 and 2001, the highest growth rate of the state's regions. The number of nonfarm jobs fell 0.4 percent in Los Angeles County, the only region where jobs declined over the period.
- Poverty rates varied across regions. The percentage of families with incomes below the FPL in 1999 was 8.7 percent in the Bay Area and more than twice as high (20.5 percent) in the San Joaquin Valley, where unemployment rates are high and the cost of living is comparatively low.
- Fewer than one in ten residents (8.9 percent) in the Bay Area lacked health coverage in 2001. In comparison, one in five Los Angeles County residents (19.8 percent) lacked health coverage.

INTRODUCTION

Are working Californians better off than they were ten or 20 years ago? Who gained from the economic boom of the late 1990s? What has the economic downturn meant for California's workers and their families? *Boom, Bust, And Beyond: The State Of Working California* explores the fortunes of California's workers in the boom and the bust, and examines the prospects for the future. This report analyzes wage, income, and employment trends in an attempt to answer these questions, with a focus on workers and families at the middle and bottom of the wage and income distribution.

Despite real gains for low-wage workers and low-income families in the late 1990s and 2000, wages and incomes for many California workers and families barely kept pace with inflation since the peak of the last economic expansion in 1989. Moreover, much of the information presented in this report does not fully reflect the effects of the economic downturn that began in 2001. If trends in employment through 2002 are any indication, many of the gains through 2000 have been partly erased.

The recent gains may not be extended in the near future. Following years of strong growth, the economy fell into a recession in 2001 and has yet to show strong signs of recovery. While the national economy has been expanding since the final quarter of 2001, California's monthly unemployment rate has yet to fall substantially. Moreover, the number of jobs in California's high technology sector, which drove much of California's economic growth in the late 1990s, has declined since January 2001. The continued sluggishness has prompted some economists to suggest that the nation has entered a "double-dip" recession.

Chapter 1 of this report describes income trends through 2001. While high-income families fared extremely well, income gains for the typical California family were less than those for the nation as a whole. Moreover, low-income families struggled to keep pace with inflation during the 1990s and have lower incomes than they did in the late 1970s, after adjusting for inflation. The strong gains at the top end, coupled with slow or no gains at the middle and bottom, led to increased income inequality in the state. This chapter also discusses trends in other measures of families' well-being, such as poverty rates, as well as health and pension coverage.

Chapter 2 examines trends in wages, which are the primary source of income for most California families. Like income gains, wage improvements were not spread equally among all workers. High-wage workers made the largest gains, increasing the wage gap between the highest paid and lowest paid workers. The "wage premium" for higher education also increased, leading to even higher wages for workers with more education. Wage gains disproportionately benefited white workers, female workers, and workers in the San Francisco Bay Area. While wages increased for many workers, part of the increase in income described in Chapter 1 results from families working longer hours to make ends meet. In addition, Chapter 2 examines the role of California's minimum wage in boosting the earnings of the state's low-wage workers.

Chapter 3 discusses changes in California's labor market, including the growth of the service sector. This chapter also discusses the recent economic downturn and how the increase in unemployment has disproportionately affected certain demographic groups and regions. Finally, Chapter 3 discusses job projections through 2010, including the economy's dependence on low-wage, low-skill occupations.

Chapter 4 describes job trends and measures of well-being at the regional level. This chapter demonstrates the wide variation within California's regions in terms of education, jobs, income, income inequality, health coverage, and poverty rates. The Appendices provide selected county-level data.

Who Are California's Workers?	
Sex	
Male	54.0%
Female	46.0%
Age	
25 To 40 Years Old	51.5%
41 To 55 Years Old	39.8%
56 To 64 Years Old	8.7%
Race/Ethnicity	
White	52.0%
Latino	28.1%
Black	6.6%
Asian	13.3%
Education	
Less Than High School	14.3%
High School	22.3%
Some College	30.9%
Bachelor's Degree Or Higher	32.6%
Region	
Los Angeles	27.7%
Bay Area	23.3%
All Other Regions	49.0%
Work Schedule	
Full-Time (35 Hours Or More Per Week)	87.5%
Part-Time (1 To 34 Hours Per Week)	12.5%

Note: This table describes characteristics of workers in 2001 whose wages the CBP analyzes in this report. See the methodology section for a detailed description.
Source: CBP analysis of Current Population Survey data

CHAPTER 1: INCOME

After years of declining incomes in the early to mid-1990s, strong economic growth during the late 1990s translated into higher incomes for many California households. The purchasing power of the median California household — the household exactly at the middle of the income distribution — surpassed 1989 levels in 1999, rose considerably in 2000, and then fell slightly in 2001 after adjusting for inflation (Table 1.1).⁹ Despite the strength of the expansion, median household income rose by just 3.9 percent in California between 1989, the peak of the prior expansion, and 2001. Moreover, California's income growth lagged that of the nation (6.0 percent) between 1989 and 2001. California incomes dropped more steeply during the recession of the early 1990s, declining by 9.7 percent between 1989 and 1993, and then recovered more strongly at the end of the decade, rising by 15.0 percent between 1993 and 2001. However, Californians still lost ground relative to the nation as a whole.

Table 1.1: Median Household Income (2001 Dollars)							
					<u>Percent Change</u>		
	<u>1989</u>	<u>1993</u>	<u>2000</u>	<u>2001</u>	<u>1989 To 1993</u>	<u>1993 To 2001</u>	<u>1989 To 2001</u>
California	\$45,507	\$41,104	\$48,123	\$47,262	-9.7%	15.0%	3.9%
US	\$39,850	\$37,688	\$43,162	\$42,228	-5.4%	12.0%	6.0%

Source: US Census Bureau

Some observers have suggested that California's sluggish income growth reflects changing household composition, such as an increase of single person households. However, a comparison of the median income for four-person families, a measure that considers household composition, shows California still falling behind (Table 1.2). The incomes of four-person California families rose more slowly than those in the US as a whole, 10.1 percent and 13.8 percent respectively, between 1989 and 2000, after adjusting for inflation. Over a longer period, from 1979 to 2000, the gap between California's families and those of the nation is even more striking. Between 1979 and 2000, the median income of four-person families rose 26.4 percent in the US, but just 14.5 percent in California.

Moreover, California's families fared poorly in comparison to the incomes of those in the ten other most populous states (Table 1.2). Only Texas lagged California with respect to the average annual growth rate in median four-person family incomes between 1979 and 2000.¹⁰ In four of these states – New Jersey, New York, Pennsylvania, and North Carolina – the annual growth rate was more than twice that in California.

California's per capita income, on the other hand, increased by a much stronger 14.2 percent between 1989 and 2001 (from \$28,613 to \$32,678), including a 19.1 percent increase between 1993 and 2001.¹¹ The fact that median family income grew much more slowly than per capita income illustrates that not all Californians shared equally in the gains of the expansion of the 1990s. While the median income tracks how the midpoint of the income distribution has changed over time, changes in per capita income reflect the change in average income over time. Stronger growth in per capita incomes can occur when the incomes of a relatively

Table 1.2: Four-Person Median Family Income (2000 Dollars)

	<u>Percent Change</u>					<u>Annual Growth Rate</u>		
	<u>1979</u>	<u>1989</u>	<u>2000</u>	<u>1989-2000</u>	<u>1979-2000</u>	<u>1979-1989</u>	<u>1989-2000</u>	<u>1979-2000</u>
California	\$55,179	\$57,420	\$63,206	10.1%	14.5%	0.4%	0.9%	0.6%
Florida	\$45,615	\$50,159	\$55,351	10.4%	21.3%	0.9%	0.9%	0.9%
Georgia	\$47,420	\$53,673	\$59,489	10.8%	25.5%	1.2%	0.9%	1.1%
Illinois	\$53,325	\$57,146	\$68,117	19.2%	27.7%	0.7%	1.6%	1.2%
Michigan	\$53,670	\$57,436	\$68,740	19.7%	28.1%	0.7%	1.6%	1.2%
New Jersey	\$54,149	\$71,389	\$78,560	10.0%	45.1%	2.8%	0.9%	1.8%
New York	\$46,330	\$58,600	\$64,520	10.1%	39.3%	2.3%	0.9%	1.6%
North Carolina	\$43,178	\$51,056	\$57,203	12.0%	32.5%	1.7%	1.0%	1.3%
Ohio	\$49,507	\$55,617	\$62,251	11.9%	25.7%	1.2%	1.0%	1.1%
Pennsylvania	\$49,037	\$54,189	\$65,411	20.7%	33.4%	1.0%	1.7%	1.4%
Texas	\$51,459	\$46,912	\$53,513	14.1%	4.0%	-0.9%	1.2%	0.2%
US	\$49,215	\$54,670	\$62,228	13.8%	26.4%	1.1%	1.2%	1.1%

Source: CBP analysis of US Census Bureau data

small number of individuals at high-income levels experience substantial growth, while the incomes of low- to middle-income individuals rise at a much more modest rate.

INCOME GAINS HAVE NOT BEEN BROADLY SHARED

Incomes in California are unequal and the gap between the rich and poor, as well as that between the middle-income and the wealthy, has widened over the past two decades (Table 1.3).¹² The average income of the wealthiest fifth of California families increased by more than a third (37.4 percent) between the late 1970s and the late 1990s, while that of the families in the middle fifth of the income distribution gained less than 8 percent and that of the poorest 20 percent of families actually declined after adjusting for inflation. The average income of the wealthiest California families, those in the top 5 percent of the income distribution, increased by more than half (50.4 percent) between the late 1970s and late 1990s.

Income inequality measures the gap between lower and higher income families. Inequality increases when incomes of families at the upper end of the distribution experience faster growth than incomes of poorer families. Inequality can be measured by dividing the average income of the high earning group by that of the lower earning group. The ratio of the top fifth of Californians to the bottom fifth was 7.6-to-1 in the late 1970s, slightly above the 7.4-to-1 ratio for the nation as a whole (Table 1.4). By the late 1990s, the gap had widened to 11.0-to-1 in California, as compared to 10.0-to-1 for the US. Among the ten other most populous states, only New York had a wider gap between the richest and poorest fifths during the late 1990s.¹³ Even more striking, the ratio of the average income of the top 5 percent of Californians to the poorest fifth was 11.2-to-1 in the late 1970s, widening to 17.7-to-1 in the late 1990s.

Table 1.3: Average Family Income By Income Group (1999 Dollars)

California				<u>Percent Change</u>		
	<u>1978-80</u>	<u>1988-90</u>	<u>1998-00</u>	<u>Late 1970s To Late 1980s</u>	<u>Late 1980s To Late 1990s</u>	<u>Late 1970s To Late 1990s</u>
Poorest Fifth	\$14,865	\$13,789	\$14,053	-7.2%	1.9%	-5.5%
Second Fifth	\$31,166	\$31,233	\$30,815	0.2%	-1.3%	-1.1%
Middle Fifth	\$46,802	\$48,833	\$50,435	4.3%	3.3%	7.8%
Fourth Fifth	\$64,754	\$70,939	\$76,612	9.6%	8.0%	18.3%
Top Fifth	\$112,303	\$135,450	\$154,304	20.6%	13.9%	37.4%
Top 5 Percent	\$165,741	\$214,361	\$249,234	29.3%	16.3%	50.4%
US						
Poorest Fifth	\$13,646	\$13,018	\$14,618	-4.6%	12.3%	7.1%
Second Fifth	\$29,339	\$30,023	\$32,721	2.3%	9.0%	11.5%
Middle Fifth	\$43,529	\$46,229	\$51,164	6.2%	10.7%	17.5%
Fourth Fifth	\$59,593	\$65,909	\$74,573	10.6%	13.1%	25.1%
Top Fifth	\$101,361	\$120,869	\$145,985	19.2%	20.8%	44.0%
Top 5 Percent	\$150,200	\$188,763	\$237,979	25.7%	26.1%	58.4%

Source: Economic Policy Institute and Center on Budget and Policy Priorities analysis of Current Population Survey data

Table 1.4: Income Inequality Ratios, Wealthiest To Poorest Families

	<u>Wealthiest Fifth/Poorest Fifth</u>				<u>Wealthiest 5 Percent/Poorest Fifth</u>			
	<u>1978-80</u>	<u>1988-90</u>	<u>1998-00</u>	<u>Change 1978-80 To 1998-00</u>	<u>1978-80</u>	<u>1988-90</u>	<u>1998-00</u>	<u>Change 1978-80 To 1998-00</u>
California	7.6	9.8	11.0	3.4	11.2	15.5	17.7	6.6
Florida	7.9	9.1	9.4	1.6	11.7	14.6	15.5	3.8
Illinois	7.5	9.6	9.4	1.8	11.1	15.2	15.0	3.9
Massachusetts	7.0	8.6	10.5	3.5	10.2	13.0	16.5	6.3
Michigan	6.6	8.9	9.2	2.6	9.4	13.0	15.2	5.8
New Jersey	7.0	8.1	9.6	2.6	10.0	12.4	15.2	5.2
New York	7.8	10.4	12.8	5.0	11.8	16.1	21.1	9.3
North Carolina	7.2	8.4	10.0	2.8	11.1	13.5	16.0	4.9
Ohio	6.4	8.3	9.7	3.3	9.4	12.8	15.6	6.2
Pennsylvania	6.4	7.9	8.8	2.4	9.1	12.0	14.4	5.3
Texas	8.6	10.3	11.0	2.4	13.5	15.6	17.9	4.4
US	7.4	9.3	10.0	2.6	11.0	14.5	16.3	5.3

Source: Economic Policy Institute and Center on Budget and Policy Priorities analysis of Current Population Survey data

How Is Income Measured?

Income and changes in income can be measured in a number of ways using data from several sources. There is no perfect measure of income and each has strengths and weaknesses. Income data gathered by the US Census Bureau does not include capital gains, which became a significant source of earnings, particularly for higher income households, during the late 1990s. Personal income tax return data, on the other hand, does include capital gains. However, many low-income persons and families are not required to file tax returns. This report uses both Census and tax return data to paint a more complete picture of the full range of California households and families.

A number of measures can be used to describe the general economic well-being of Californians and their families. First, total personal income provides a measure of the income received by all Californians from wages and salaries, as well as transfer payments from public programs such as welfare. The US Census Bureau definition of personal income does not include capital gains, but does include stock options, which are counted as a wages. Per capita personal income is calculated by dividing total personal income by the total number of Californians. **Per capita income** measures the average income of Californians, but does not describe how that income is distributed. Take, for example, Smalltown with five residents, who have earnings of \$10,000, \$20,000, \$30,000, \$40,000, and \$100,000. The per capita income of Smalltown is \$40,000 ($\$10,000 + \$20,000 + \$30,000 + \$40,000 + \$100,000$ divided by 5). The five residents of nearby TINYTOWN each earn \$40,000. TINYTOWN also has a per capita income of \$40,000, yet the income distribution of the two towns is very different.

Median income provides an alternative measurement. **Median income** is the income of the person, family, or household at the exact middle of the income distribution (or the average of the two middle values if there are an even number of values). In the example above, the median income of Smalltown is \$30,000 because half of the residents have incomes below the median and half have higher incomes, whereas the median income of TINYTOWN is \$40,000.

Which provides a better measurement? Per capita or average income can be skewed by a very small number of very high or very low incomes. In the Smalltown example, assume that the town's wealthiest resident's income was \$1,000,000, rather than \$100,000. This would increase the per capita income of Smalltown to \$220,000. In this instance, per capita income would tell you very little about the income of the typical Smalltown resident. The median income would remain \$30,000, a better measure of the income of the typical Smalltown resident.

The gap between the richest and middle-income California families has also widened (Table 1.5). In the late 1970s, the average income of the top fifth of families exceeded that of the middle fifth by 2.4-to-1. By the late 1990s, this gap had widened to 3.1-to-1. Similarly, the ratio of the average income of the top 5 percent to the middle fifth rose from 3.5-to-1 during the late 1970s to 4.9-to-1 in the late 1990s. In both instances, inequality increased by a larger degree in California than it did in the nation as a whole. None of the ten other most populous states had a wider gap between the top and middle fifths of families in the late 1990s.¹⁴ The income gap grew in California because the incomes of families at the top end of the income distribution grew quickly while those of low- and middle-income families fell. California was one of only five states in which the bottom fifth of families on average grew poorer between the late 1970s and the late 1990s, while the top fifth grew richer.¹⁵ California families in the bottom two fifths, representing four out of every ten families, lost ground over the past two decades (Figure 1.1).

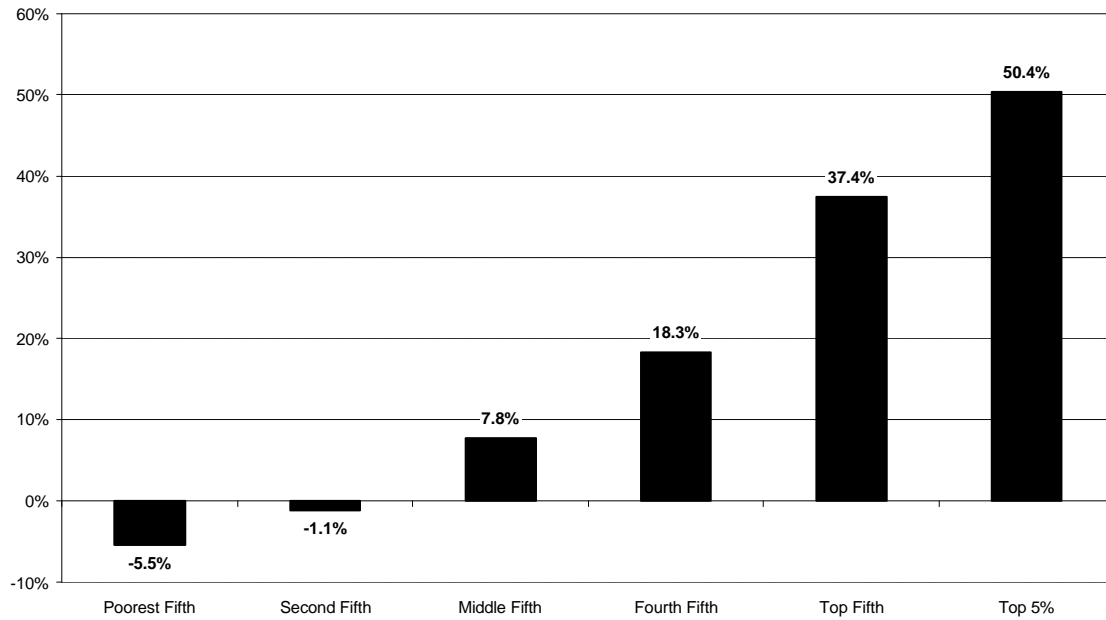
Table 1.5: Income Inequality Ratios, Wealthiest To Middle-Income Families								
	<u>Wealthiest Fifth/Middle Fifth</u>				<u>Wealthiest 5 Percent/Middle Fifth</u>			
	<u>1978-80</u>	<u>1988-90</u>	<u>1998-00</u>	<u>Change 1978-80 To 1998-00</u>	<u>1978-80</u>	<u>1988-90</u>	<u>1998-00</u>	<u>Change 1978-80 To 1998-00</u>
California	2.4	2.8	3.1	0.7	3.5	4.4	4.9	1.4
Florida	2.5	2.8	2.9	0.4	3.7	4.4	4.7	1.0
Illinois	2.3	2.6	2.6	0.4	3.3	4.0	4.2	0.9
Massachusetts	2.3	2.4	2.7	0.5	3.3	3.6	4.3	1.0
Michigan	2.1	2.4	2.7	0.6	3.0	3.5	4.5	1.4
New Jersey	2.2	2.4	2.8	0.6	3.2	3.7	4.5	1.3
New York	2.4	2.6	3.1	0.8	3.6	4.1	5.2	1.6
North Carolina	2.3	2.5	2.8	0.5	3.6	4.1	4.5	0.9
Ohio	2.2	2.4	2.7	0.5	3.2	3.7	4.3	1.2
Pennsylvania	2.2	2.5	2.7	0.6	3.1	3.8	4.5	1.4
Texas	2.5	2.8	3.0	0.6	3.9	4.2	5.0	1.1
US	2.3	2.6	2.9	0.5	3.5	4.1	4.7	1.2

Source: Economic Policy Institute and Center on Budget and Policy Priorities analysis of Current Population Survey data

INCOME TAX DATA ALSO SHOW CONCENTRATION AT THE TOP

State income tax data support the conclusion that income is highly concentrated in California and that this concentration increased over the last decade. In 1993, the top fifth of California taxpayers reported 55.3 percent of the state's adjusted gross income (AGI).¹⁶ By 2000, the same group reported two-thirds (65.5 percent) of the state's AGI. Income concentration increased even more dramatically at the very top of the income distribution. In 1993, the top one percent of taxpayers reported 13.8 percent of the state's AGI. By 2000, their share had nearly doubled to 27.5 percent (Table 1.6).

Tax data also show that the average incomes of the wealthy have increased much more dramatically than those of low-income families (Table 1.7). Between 1993 and 2000, the average income of the poorest fifth of taxpayers rose by 12.6 percent.¹⁷ In contrast, the average income of the top 5 percent more than doubled. After adjusting for inflation, the average income of middle-income taxpayers increased modestly from \$28,873 in 1993 to \$31,323 in 2000, an increase of 8.5 percent.

Figure 1.1: Change In Average Income In California, Late 1970s To Late 1990s

Source: Economic Policy Institute and Center for Budget and Policy Priorities analysis of Current Population Survey data

Table 1.6: Share Of Adjusted Gross Income (AGI) By Income Group

Income Group	Average AGI Per Return	Share Of AGI By Income Group		Change In Share
	2000	1993	2000	1993 To 2000
Poorest Fifth	\$6,462	2.6%	2.1%	-0.5%
Second Fifth	\$17,518	7.2%	5.6%	-1.6%
Middle Fifth	\$31,323	13.0%	10.0%	-3.0%
Fourth Fifth	\$53,088	21.9%	16.9%	-5.0%
Top Fifth	\$205,204	55.3%	65.5%	10.2%
Top 10%	\$324,908	38.8%	51.8%	13.0%
Top 5%	\$524,867	27.7%	41.9%	14.2%
Top 1%	\$1,722,795	13.8%	27.5%	13.7%
All	\$62,701	100%	100%	

Source: Franchise Tax Board

Table 1.7: Change In Average Income, 1993 To 2000
(2000 Dollars)

Income Group	Average Adjusted Gross Income Per Tax Return		Percent Change
	1993	2000	1993 To 2000
Poorest Fifth	\$5,738	\$6,462	12.6%
Second Fifth	\$16,036	\$17,518	9.2%
Middle Fifth	\$28,873	\$31,323	8.5%
Fourth Fifth	\$48,657	\$53,088	9.1%
Top Fifth	\$122,826	\$205,204	67.1%
Top 10%	\$172,503	\$334,908	94.1%
Top 5%	\$245,653	\$524,867	113.7%
Top 1%	\$612,848	\$1,722,795	181.1%
All	\$44,426	\$62,701	41.1%

Source: Franchise Tax Board

THE COMPOSITION OF INCOME HAS ALSO CHANGED OVER TIME

Tax return data indicate a more dramatic increase in the incomes of the wealthy than do US Census Bureau data because of differences in the definitions of income used by the Census and for tax returns. The family and household income data discussed earlier in this chapter come from the US Census Bureau's Current Population Survey (CPS). As mentioned earlier, the definition of income used in the CPS excludes capital gains, or profits from the sale of assets that have increased in value. In addition, CPS data sets cap or "top-code" the incomes for those at the very high end of the income distribution.¹⁸ Tax return data, on the other hand, include capital gains reported for tax purposes. Capital gains increased as a share of income during the late 1990s due to the substantial run up in the stock market.¹⁹ In 1989, for example, capital gains accounted for 5.7 percent of adjusted gross income (AGI) reported by California personal income taxpayers. In 1999, capital gains accounted for 12.8 percent of AGI.²⁰

Capital gains are far more concentrated among high-income households than is AGI as a whole. The top 5 percent of California taxpayers reported 87.1 percent of capital gains in 1999 (Table 1.8). In contrast, the top 5 percent reported 38.5 percent of AGI and 27.2 percent of income from wages and salaries. While the top 5 percent more than doubled their income from all sources, including wages and salaries, between 1989 and 1999, their income from capital gains more than quadrupled during the same period. The incomes of the bottom 95 percent of taxpayers, on the other hand, experienced significantly slower growth in all three categories.

CALIFORNIA'S POVERTY RATE REMAINS HIGHER THAN THAT OF THE NATION

One out of every eight Californians had an income below the federal poverty line in 2001. While the state's poverty rate declined substantially during the economic recovery of the late 1990s, falling from 18.2 percent in 1993 to 12.6 percent in 2001, a larger share of Californians

Table 1.8: Change In Income Composition, 1989 To 1999
(Dollars In Billions)

	<u>1989</u>	<u>1999</u>	<u>Percent Change 1989 To 1999</u>
Adjusted Gross Income			
All Taxpayers	\$438.9	\$725.7	65.3%
Bottom 95%	\$312.5	\$446.1	42.8%
Top 5%	\$126.4	\$279.6	121.2%
Percent Reported By Top 5%	28.8%	38.5%	33.8%
Wages			
All Taxpayers	\$316.3	\$489.4	54.7%
Bottom 95%	\$249.8	\$356.3	42.6%
Top 5%	\$66.5	\$133.1	100.2%
Percent Reported By Top 5%	21.0%	27.2%	29.4%
Capital Gains			
All Taxpayers	\$24.8	\$92.8	274.2%
Bottom 95%	\$5.4	\$12.0	122.2%
Top 5%	\$19.4	\$80.8	316.5%
Percent Reported By Top 5%	78.2%	87.1%	11.3%

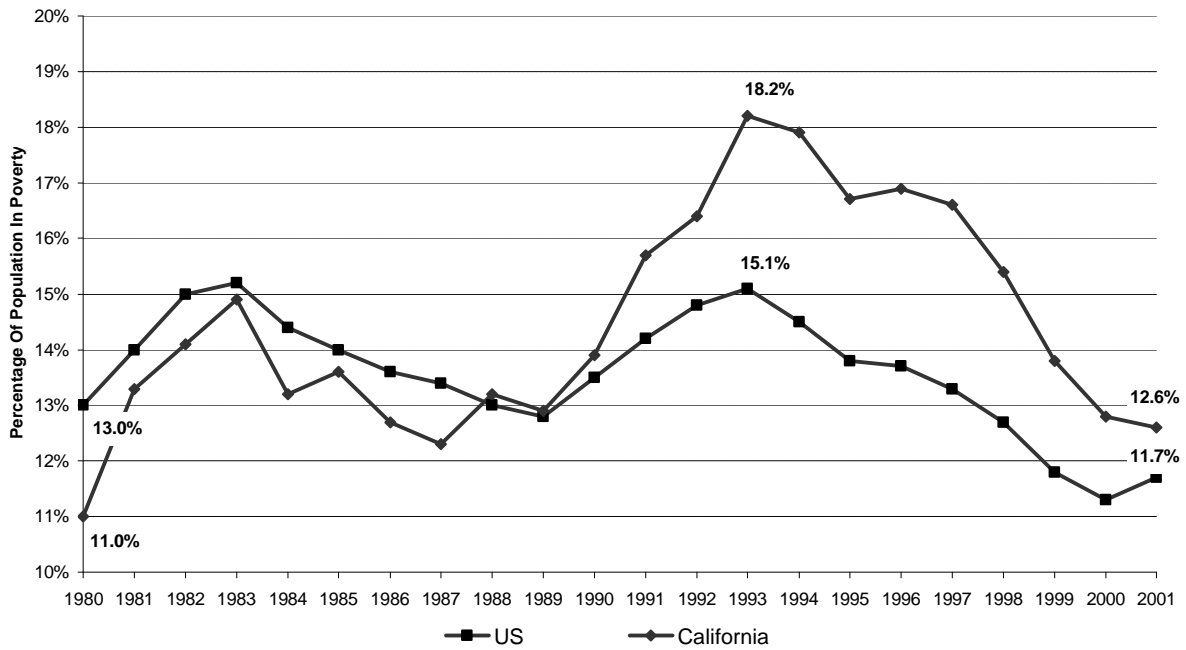
Source: Franchise Tax Board

lived in poverty than in the nation as a whole throughout the 1990s (Figure 1.2). However, the gap has narrowed since 1993, reaching the lowest point in a decade in 2001. When compared with ten other large states, California's 2001 poverty rate was exceeded only in Florida, Georgia, New York, and Texas.

The economic expansion of the late 1990s and successive increases in the state's minimum wage have helped push California's poverty rate to its lowest level since 1987. While the US poverty rate increased in 2001, California's rate continued to fall, although the decline was not statistically significant. The increase in the state's minimum wage and the nature of the recession, which has disproportionately affected the relatively high-wage high-tech sector and the Bay Area, helped keep the poverty rate from rising in 2001.

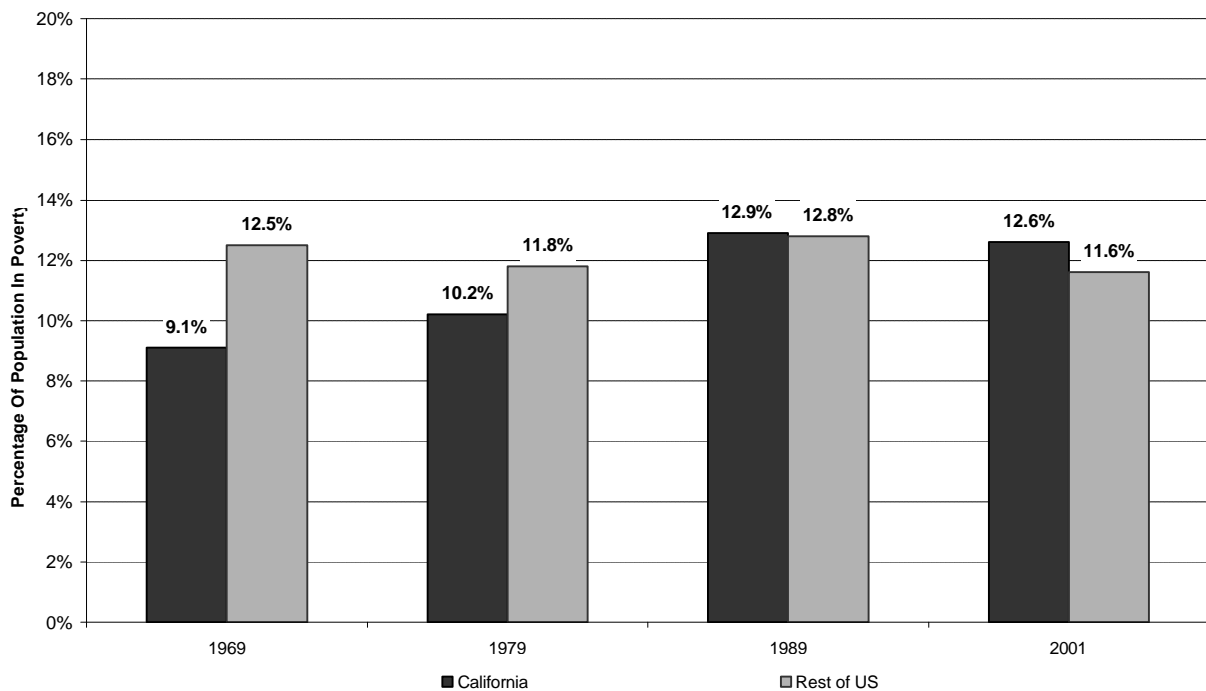
Despite the recent good news, there is still cause for concern. New research by the Public Policy Institute of California (PPIC) found that, while the poverty rate varies with economic conditions, California has experienced an increase in poverty over the past three decades.²¹ The poverty rate at the peak of recent economic expansions has increased from 9.1 percent in 1969 to 10.2 percent in 1979, 12.9 percent in 1989, and 12.6 percent in 2001 (Figure 1.3). This contrasts with the trend in the rest of the nation, where the 2001 poverty rate dropped lower than rates during the three prior economic peaks. If the state's poverty rate had fallen to its 1969 level in 2001, 1.2 million fewer Californians would have been living in poverty.

Figure 1.2: California's Poverty Rate Exceeds That Of The US



Source: US Census Bureau

Figure 1.3: Poverty Rate At Peaks Of Economic Expansions



Source: Public Policy Institute of California, US Census Bureau

How Should Poverty Be Defined?

The federal poverty level (FPL), developed in 1963, is based on a formula that attempts to measure the financial resources a family needs to achieve a minimally adequate standard of living.¹ The original FPL was three times the cost of a minimum diet, as determined by the US Department of Agriculture. The FPL is adjusted annually for inflation, but has not been adjusted to account for changing consumption patterns or other factors such as changes in composition or the work patterns of families.² For example, the poverty standard was established at a time when relatively few women with young children worked. Consequently, the cost of obtaining child care was not included in determining what constituted a family's basic needs. For poor working families with children, the cost of child care presents a formidable burden. In Los Angeles County, for example, care for a child between the ages of two and five in a family day care home averages \$6,555 per year, equivalent to 45 percent of the FPL for a family of three.³ Other work-related expenses, such as transportation and clothing, add to the financial burdens of working families.

In addition, the federal poverty measurement is based on the standard for a two-parent family and does not reflect the added burdens confronted by single parents. Poverty measurements, for example, do not adequately reflect the number of children or potential workers present in a household. A single mother with two children in need of child care would have less discretionary income than a two-parent family with one child. However, the poverty line for both families would be essentially the same.⁴ Another weakness, significant in light of the large number of working poor without health insurance, is the failure of the current standard to adjust for the rising cost of health care.

Moreover, the federal poverty level does not reflect regional costs of living and thus fails to capture the depth of poverty in high-cost states and localities. The cost of living in California, particularly the cost of housing, is substantially higher than in most other parts of the country. Housing typically consumes the largest portion of household living expenses. The federal government suggests that households should pay no more than 30 percent of their gross monthly incomes for housing in order to have an affordable rent burden. However, 51 percent of California's renter households paid in excess of 30 percent of their incomes on housing in 2001, and 88 percent of low-income renter households (those with incomes under \$18,000) paid more than 30 percent of their incomes on housing. One quarter (25 percent) of renter households paid more than 50 percent of their incomes on housing.⁵

What Might A Better Measure Of Poverty Show?

A National Research Council panel researched the adequacy of poverty measurements and recommended the adoption of a new poverty standard. Among the Council's recommendations are adjusting the poverty threshold for regional differences in the cost of living, taking into account the amount of income available after basic expenses are met, and including the value of non-cash public benefits, such as food stamps. An index based on the panel's recommendations places California's poverty threshold at 17.8 percent above the national average.⁶

Other experts suggest using a relative standard that would set the poverty line at one-half of median family income. Using this approach, the 2000 poverty line for a California family of four would have been \$26,347.⁷ In contrast, the 2000 federal poverty threshold for a family of four was \$17,463. By this standard, the share of Californians considered poor in 2000 would be nearly twice the official rate (24.3 percent versus 12.9 percent). California's relative poverty rate has also increased across business cycles since 1969. Using this measure, California's 2000 poverty rate was the second highest in the nation.⁸

Until a better measurement is widely accepted, policymakers and analysts must rely on the current statistics in spite of the shortcomings. It is important to note that the official poverty measure is widely acknowledged to fall short as a measure of family economic security, though it retains value as a consistent measure across time. What these shortcomings mean for California is that the level of deprivation among families in poverty is deeper than in areas of the country where the cost of living is lower. Similarly, the impact of poverty on single parent households and households with children is even more severe than a cursory examination might suggest.

¹ Constance F. Citro and Robert T. Michael, eds., *Measuring Poverty: A New Approach* (Washington, DC: National Academy Press, 1995). The FPL is determined by family size and is indexed annually for inflation.

² Constance F. Citro and Robert T. Michael, eds., *Measuring Poverty: A New Approach* (Washington, DC: National Academy Press, 1995), pp. 109-110.

³ California Child Care Resource and Referral Network, *Regional Market Rate Survey for California Child Care Providers: Mean Rates for Child Care* (June 2001).

⁴ The federal poverty guideline, used primarily to determine eligibility for state and federal programs, makes no adjustment for the number of children in a family of a given size. The federal poverty threshold, used for statistical purposes, makes minor adjustments. The 2001 federal poverty threshold for a single mother and two children is \$14,269; the threshold for two parents with one child is \$14,255.

⁵ California Budget Project, *Locked Out 2002: California's Affordable Housing Crisis Continues* (October 2002).

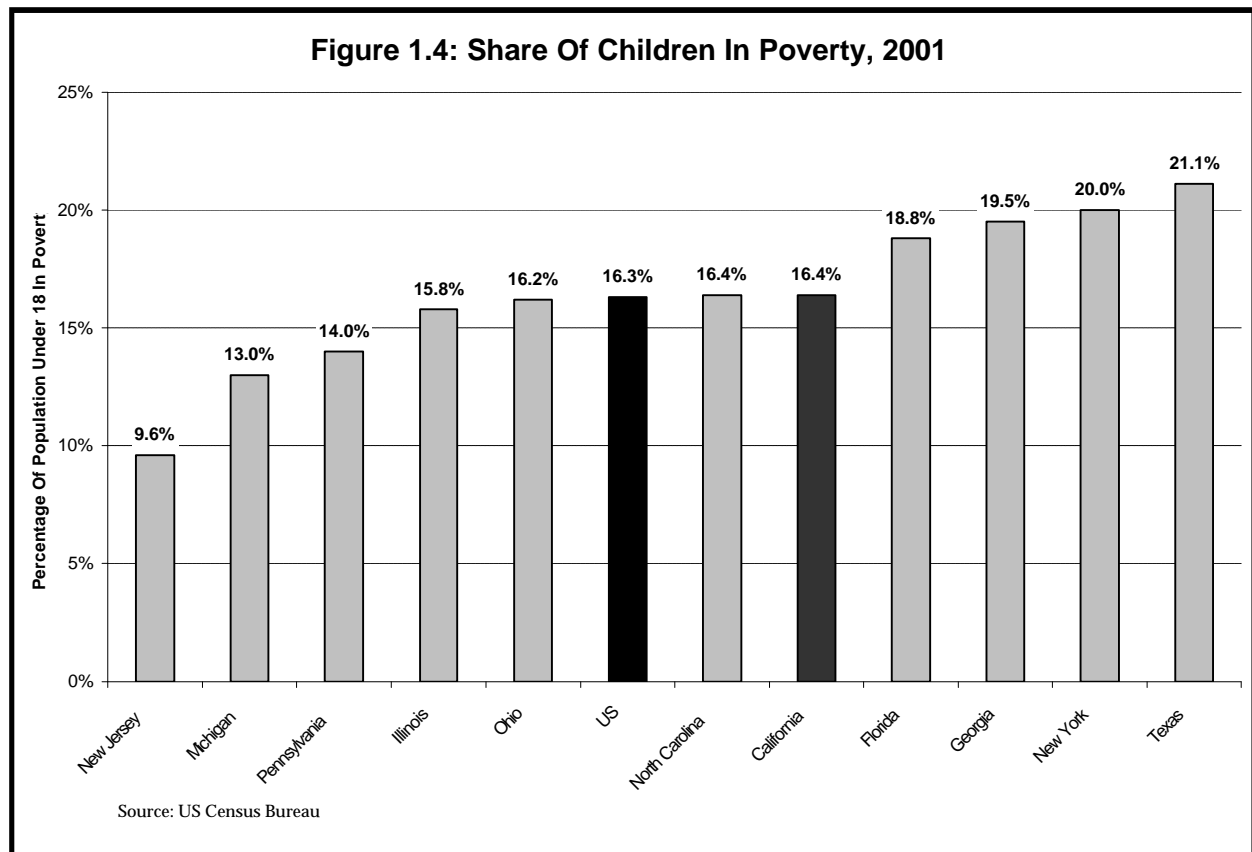
⁶ Constance F. Citro and Robert T. Michael, eds., *Measuring Poverty: A New Approach* (Washington, DC: National Academy Press, 1995), p. 363.

⁷ Deborah Reed and Richard Van Swearingen, *Poverty in California: Levels, Trends, and Demographic Dimensions* (Public Policy Institute of California: November 2001), p. 4.

⁸ Washington, DC ranked first. Deborah Reed and Richard Van Swearingen, *Poverty in California: Levels, Trends and Demographic Dimensions*, (Public Policy Institute of California: November 2001), pp. 4-5.

CALIFORNIA'S CHILD POVERTY RATE FALLS TO US RATE

California's child poverty rate fell dramatically in 2001, closing a several percentage point gap between the state and national rates that persisted throughout most of the 1990s. The child poverty rate in California was 16.4 percent in 2001, as compared to 16.3 percent in the nation as a whole. However, California's child poverty rate continues to be substantially higher than the state's overall poverty rate of 12.6 percent and higher than the child poverty rate in a majority of the other large states (Figure 1.4).



WORKING BUT POOR

Despite falling poverty rates, California has 590,000 families with children that have incomes below the federal poverty level (Table 1.9).³⁰ Of these families, 62 percent have significant work effort equivalent to at least a half-time job.³¹ Nearly half (46 percent) have at least one full-time worker. Among the nearly one million families with children between the poverty line and twice the FPL, 90 percent have significant work effort, and 79 percent have a full-time worker. For families without children below the poverty line, 22 percent have significant work effort. Among families without children and with incomes between the FPL and twice the FPL, 69 percent have significant work effort.

How is it possible that so many Californians are working full-time and are still poor? Chapters 2 and 3 analyze wage and employment trends to help answer this question. As Table 1.9

Table 1.9: The Working Poor In California (2000)		
	Family Income As A Percentage Of Federal Poverty Level	
Families With Children	<100%	100-200%
Number Of Families With At Least One Work-Able Adult*	590,000	966,000
Number With Significant Work Effort**	368,000	873,000
Percentage With Significant Work Effort**	62%	90%
Number With At Least One Full-Time Worker	272,000	767,000
Percentage With At Least One Full-Time Worker	46%	79%
Number Of People In Working Poor Families	1,805,000	3,829,000
Number Of Children In Working Poor Families	1,028,000	1,954,000
Families And Individuals Without Children		
Number Of Families With At Least One Work-Able Adult*	497,000	733,000
Number With Significant Work Effort**	110,000	508,000
Percentage With Significant Work Effort**	22%	69%
Number With At Least One Full-Time Worker	56,000	358,000
Percentage With At Least One Full-Time Worker	11%	49%
Number Of People In Working Poor Families	143,000	753,000
Family Type		
Married Couple	58%	49%
Female-Headed	26%	28%
Male-Headed	16%	23%
Race And Ethnicity		
Latino	60%	51%
White	21%	32%
Black	8%	9%
Asian	11%	7%
Education Of Adults		
Less Than High School	52%	39%
High School	25%	29%
Any College	23%	32%

* Work-able families are those in which at least one adult is between the ages of 25 and 64 and at least one adult is not ill or disabled.

** Work effort is calculated by summing the work hours of both adults in the family. A family with significant work effort has a total of at least 1,040 hours of work per year, equivalent to at least half-time work (20 hours times 52 weeks).

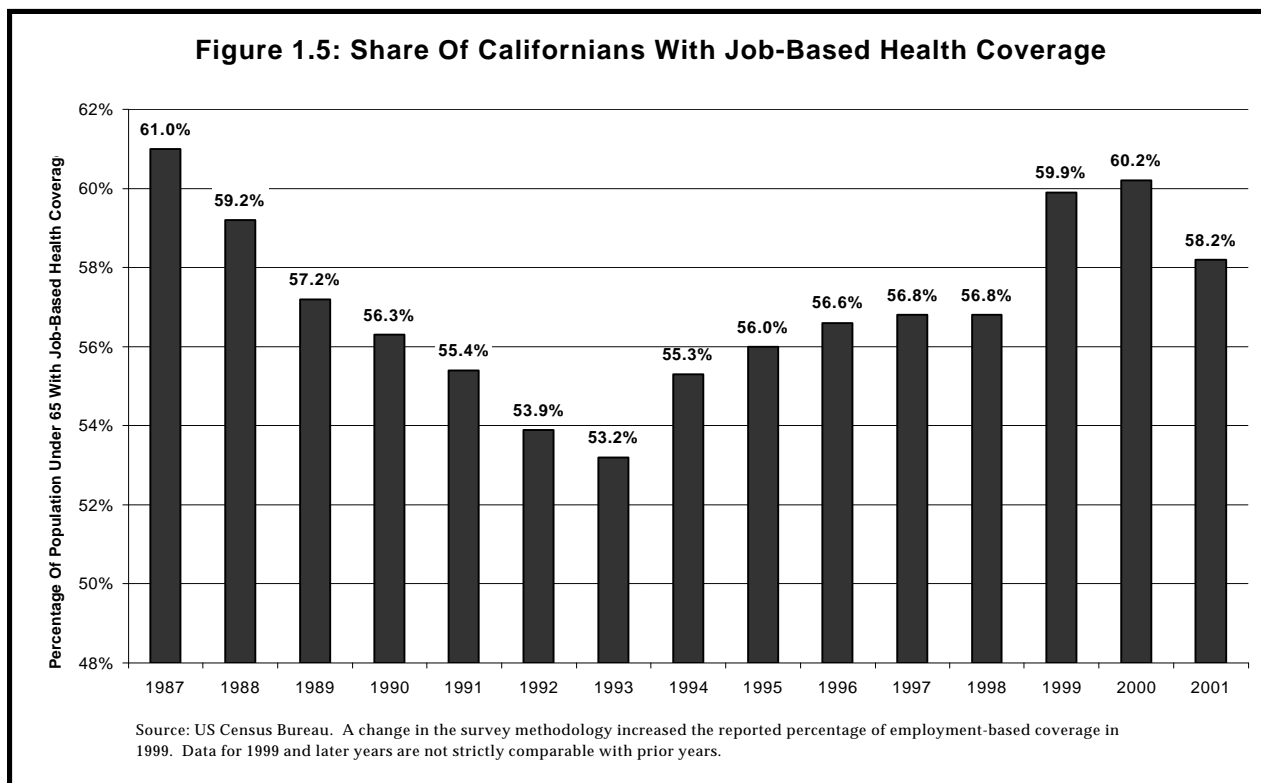
Source: CBP analysis of Current Population Survey data

indicates, substantial numbers of working poor are found among people of all family types, races, and educational backgrounds. However, of working families with incomes below the poverty line, most (58 percent) are married couple families, and about a quarter (26 percent) are female-headed families. Half (52 percent) of working families are headed by an adult who lacks a high school degree, while less than a quarter (23 percent) are headed by an adult with at least some college education. Three out of every five working families (60 percent) with incomes below the poverty line are headed by Latinos, while only one out of every five (21 percent) is headed by a white adult. Over half (54 percent) of working poor families have at least one adult that is a non-citizen.

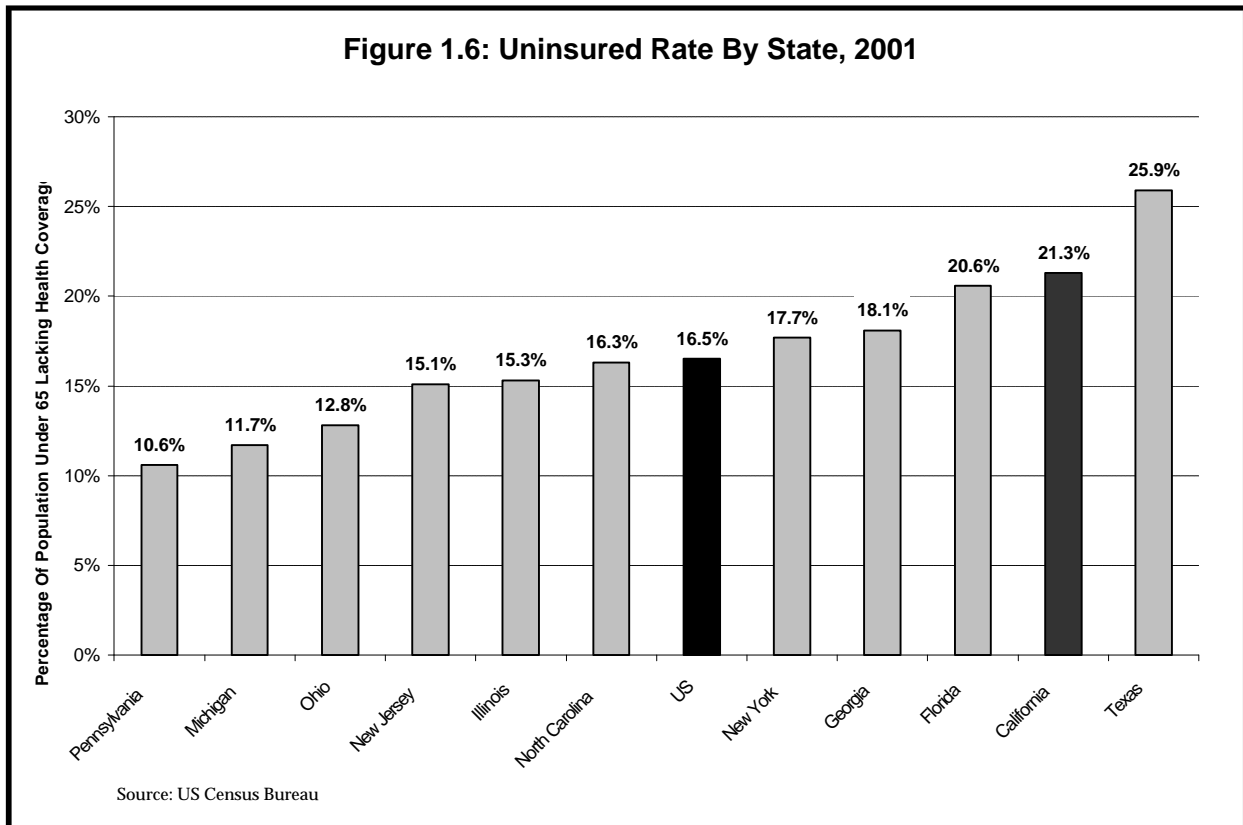
Working families with incomes between the FPL and twice the FPL have similar characteristics to those with incomes below the FPL. However, they are less likely to be married families and less likely to be Latino. These adults tend to have higher levels of education and are less likely to be immigrants than adults in families with incomes below the poverty level.

CALIFORNIANS ARE LESS LIKELY TO HAVE HEALTH COVERAGE

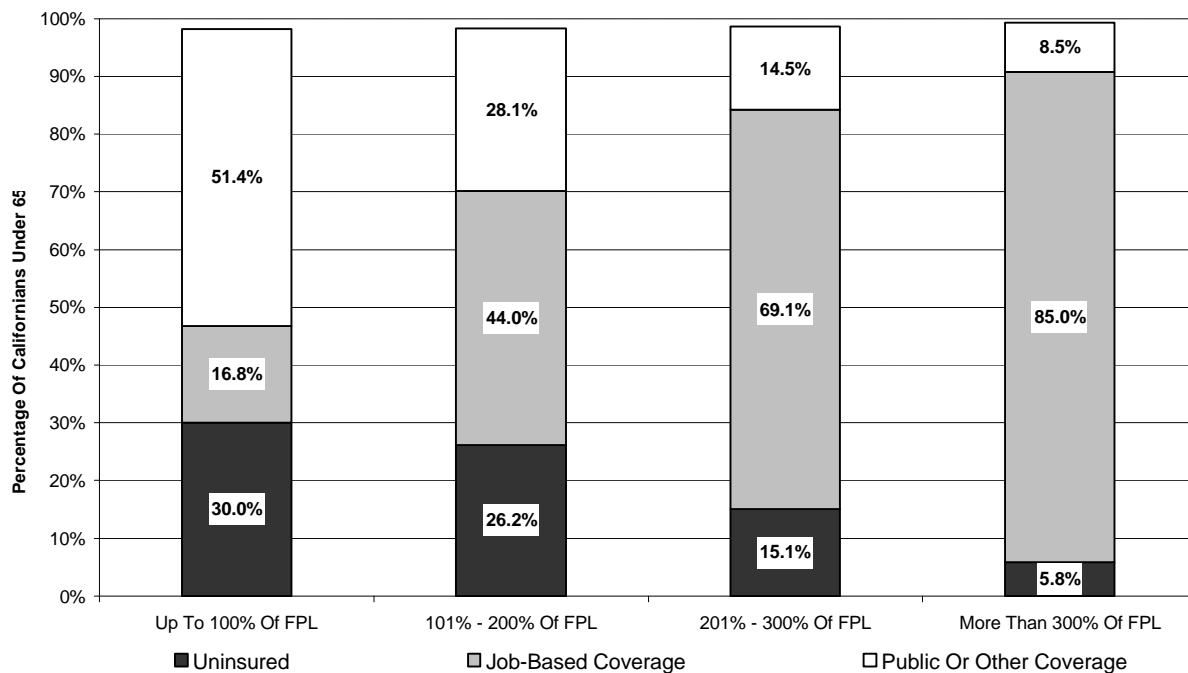
Competition for employees, spurred by falling unemployment rates, resulted in an increase in the share of Californians with job-based health coverage during the late 1990s, followed by a sharp fall in 2001 (Figure 1.5). From a low of 53.2 percent in 1993, the share of Californians under the age of 65 who had job-based health coverage increased to 60.2 percent in 2000 before falling to 58.2 percent in 2001. The 2001 rate of job-based coverage was substantially lower than the share of Californians with job-based coverage in 1987. Nearly two-thirds of uninsured Californians (62.4 percent) between the ages of 25 and 64 are employed.³² Over eight in ten (85 percent) uninsured Californians under the age of 65 are workers and their dependents.³³



More than one in five (21.3 percent) Californians under the age of 65, or 6.7 million persons, lacked health coverage from private or public sources in 2001. The share of Californians lacking health coverage was nearly 5 percentage points higher than the national uninsured rate and higher than the rate in nine of the ten other most populous states (Figure 1.6). If the share of Californians lacking health coverage had been the same as in the nation as a whole, approximately 1.5 million fewer persons would have been without health coverage in California in 2001.



Low-income and non-white Californians are significantly more likely to lack health coverage. The results of a new survey of the health status of Californians found that 30.0 percent of Californians under the age of 65 with incomes below the poverty line lacked health coverage in 2001 (Figure 1.7).³⁴ In contrast, only 5.8 percent of those with incomes above 300 percent of the FPL lacked coverage. This disparity in health coverage corresponds to the relationship between job-based coverage and family income. Only 16.8 percent of those with incomes up to the federal poverty line had job-based coverage, while 85.0 percent of those in families with incomes in excess of three times the poverty line had job-based coverage in 2001. Women are more likely to have some type of health coverage than men. In 2001, 16.8 percent of women between the ages of 18 and 64 lacked health coverage, as compared to 19.6 percent of men aged 18 to 64. This difference is primarily due to substantially higher usage of public programs such as Medi-Cal by women (14.4 percent) relative to men (9.2 percent). Men, however, are more likely to have job-based coverage (65.2 percent) than women (61.8 percent), which partially offsets women's higher receipt of Medi-Cal.³⁵ Even among workers, fewer women work for employers that offer health insurance than men (82.3 vs. 84.3 per-

Figure 1.7: Health Coverage By Income Level, 2001

Source: UCLA Center for Health Policy Research

cent), and fewer women are eligible for such coverage than men (87.8 vs. 93.1 percent). In addition, female employees are less likely than male employees to participate in employers' health plans, even when eligible, often because they are covered by another plan, such as a spouse's plan, or the plan offered by their own employer is too expensive.³⁶

Health insurance coverage also varies among race and ethnic groups, with substantially more non-white Californians lacking coverage. Fewer than one in ten white Californians (8.6 percent) lacked health coverage in 2001.³⁷ In contrast, 28.3 percent of Latinos, 13.0 percent of Asian Americans, and 17.8 percent of American Indians and Alaskan Natives lacked coverage. Only 9.5 percent of African Americans lacked health coverage, in large part due to higher participation in the Medi-Cal and Healthy Families programs.³⁸ More than a quarter (27.6 percent) of African Americans received coverage through the Medi-Cal or Healthy Families programs, as compared to 8.1 percent of white Californians.

While California's children are less likely to lack health coverage than adults, they, like African Americans, are more likely to obtain coverage through the Medi-Cal and Healthy Families programs, in part because Healthy Families is specifically designed to cover children. In 2001, slightly fewer than one out of ten children (9.6 percent) lacked health coverage. More than one out of four (27.6 percent) were covered by Medi-Cal or the Healthy Families program. In contrast, just under one out of five adults (17.7 percent) between the ages of 18 and 64 lacked coverage, with approximately one out of every ten (10.3 percent) receiving coverage through Medi-Cal.

Financial considerations are the most frequently cited reason why the uninsured lack coverage.³⁹ Over four out of ten uninsured respondents (42.6 percent) identify the cost of health coverage as the primary reason they lacked coverage in 2001. Other reasons include unemployment or a recent job change (8.2 percent), ineligibility due to immigration status (7.4 percent), and good health or not believing in the need for health insurance (10.5 percent).

JOB-BASED PENSION COVERAGE HAS FALLEN SINCE THE EARLY 1980s

The share of California workers covered by a job-based pension plan has declined since the early 1980s (Table 1.10). In the early 1980s, nearly half (45.7 percent) of California workers were covered by a pension plan. Pension coverage dropped to 35.8 percent in the late 1980s and recovered partially to 41.2 percent in 1999-2001.⁴⁰

Gender	Race/Ethnicity	1979-81	1988-90	1999-2001	Percentage Point Change 1979-81 To 1999-2001
All	All	45.7%	35.8%	41.2%	-4.5%
	White	48.4%	40.8%	49.7%	1.3%
	Black	46.2%	39.1%	49.9%	3.7%
	Latino	35.5%	22.6%	24.6%	-10.9%
	Asian	42.5%	37.0%	44.5%	2.0%
Female	All	39.2%	33.4%	39.2%	0.1%
	White	39.8%	35.7%	45.1%	5.2%
	Black	43.7%	36.1%	47.0%	3.4%
	Latino	33.3%	25.0%	25.4%	-7.9%
	Asian	39.8%	33.4%	41.7%	1.9%
Male	All	50.4%	37.5%	42.8%	-7.6%
	White	54.5%	44.7%	53.3%	-1.2%
	Black	48.4%	41.8%	52.4%	3.9%
	Latino	36.8%	21.5%	24.1%	-12.7%
	Asian	44.7%	40.1%	47.2%	2.5%

Source: Economic Policy Institute analysis of Current Population Survey data

National research suggests that the rise in employer-provided pension coverage during the 1990s is most likely attributable to the expansion of 401(k) and other “defined contribution” plans.⁴¹ These plans differ from “defined benefit” plans, which guarantee workers a fixed benefit based on salary and years of service, regardless of the performance of the underlying investment, such as the stock market. The retirement benefits of a worker covered by a defined contribution plan depend, in contrast, on the performance of the stock market and can be eroded by losses in the plan’s portfolio.

The broad trend of increasing pension coverage also masks a number of significant differences linked to race, ethnicity, and gender. The most dramatic shift in coverage is a 10.9 percentage point drop in the share of Latinos with pension coverage. In the early 1980s, 35.5 percent of Latino workers had job-based pension coverage. This figure had dropped to less than a quarter (24.6 percent) by 1999-2001. Pension coverage rose slightly for white, black, and Asian workers.⁴² The share of male workers with job-based pension coverage declined by 7.6 percent. Pension coverage fell for white and Latino men, while increasing modestly for black and Asian male workers.

The share of female workers with job-based pension coverage stayed essentially unchanged between the early 1980s and the most recent period. However, trends varied by race and ethnicity. Pension coverage improved for white, black, and Asian female workers, while falling by 7.9 percent for Latinas.

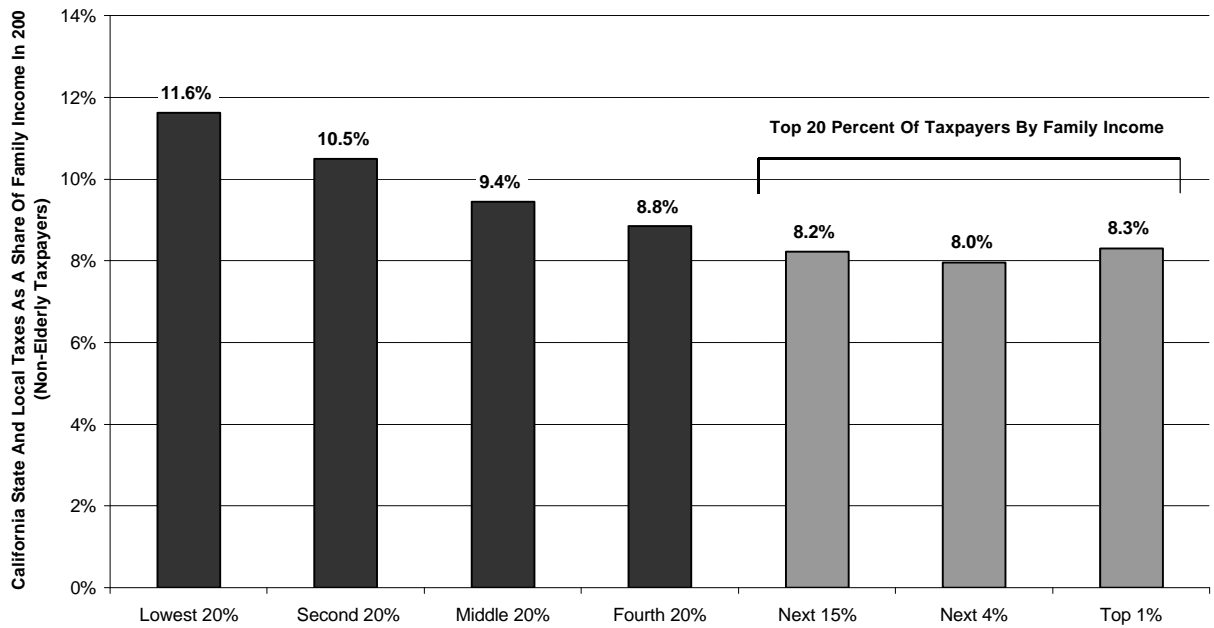
The gender gap in pension coverage narrowed for white women, as a result of an increase in female coverage coupled with a decline in male coverage, and for Latinas, due to a larger coverage drop for Latino males than the drop for Latinas. In the most recent period, Latinas were actually more likely to have job-based pension coverage than their male counterparts. The gap stayed fairly constant for black and Asian workers.

The gap between white and black workers also narrowed over the past two decades. In the most recent period, black female workers were more likely to have pension coverage than white female workers and the gap between black and white men was extremely narrow. In contrast, the gap between white and Latino workers widened substantially, with Latino workers being half as likely to have pension coverage in the most recent period as their white counterparts.

CALIFORNIA'S TAX STRUCTURE IS MODESTLY REGRESSIVE

California's moderately regressive tax system exacerbates the disparities in income described above. For example, the poorest fifth of California families will pay 11.6 percent of their incomes in state and local taxes in 2002, whereas the middle fifth of families will pay 9.4 percent (Figure 1.8).⁴³ The top one percent of families will pay only 8.3 percent of their incomes in state and local taxes. This disparity is due to the combination of a progressive state income tax and regressive sales, gasoline, and other excise taxes. The progressive nature of California's personal income tax means that high-income families pay a larger share of their incomes in state income taxes than do lower income families. However, since low-income families spend a larger share of their incomes on consumer goods, the sales tax absorbs a larger portion of low-income families' incomes. Taken together, all state and local taxes place a moderately higher burden on low- and middle-income families.

Figure 1.8: Share Of Family Income Paid In State And Local Taxes By Income Group



Note: These data reflect the impact of California law in 2002 as applied to the income distribution for California families in 2000.

Source: Institute on Taxation and Economic Policy

CHAPTER 2: WAGES

The wages earned by many California workers made modest, if any, gains over the past two decades. While low unemployment rates, strong job growth, and increases in the state's minimum wage translated into wage growth for many workers during the late 1990s, much of the improvement went to restoring purchasing power lost during the early years of the decade. As a result, many workers remain poor despite considerable work effort. In other instances, families are working more hours to get ahead or just to stay even. However, the recession that began in early 2001 has increased unemployment rates and slowed, and in some instances reversed, some of the gains achieved as the decade drew to a close.

MEDIAN WAGE MAKES UP LOST GROUND IN EARLY 1990s

After a decade of little or no growth relative to inflation, the median hourly wage — the wage at the midpoint of the earnings distribution — earned by California workers peaked at \$15.42 in 2000 and remained steady in 2001 at \$15.38 (Table 2.1).⁴⁴ Hourly wages in California previously peaked in 1991, two years after the height of the last economic expansion, and then lost purchasing power during the recession of the early 1990s. California's inflation-adjusted median hourly wage dropped 5.9 percent between 1989 and 1996, from \$15.16 to \$14.27. The median wage rose slowly during the expansion of the last half of the 1990s and did not recover its purchasing power until 2000. In contrast, the national inflation-adjusted median wage reached its low point in 1991 and recovered its 1989 purchasing power in 1998. Overall, California's median wage grew more slowly than the national median, increasing by 1.4 percent between 1989 and 2001, as compared to a 4.9 percent increase for the nation as a whole. While California's median wage remains higher than that of the nation, the gap has substantially narrowed from \$2.54 in 1991, its widest point since 1989, to \$1.28 in 2001.

Wages at the low end of the wage distribution increased even more slowly than the median wage (Table 2.2). Between 1989 and 2001, low wages — those at the 20th percentile — remained basically steady, increasing from \$8.96 to \$9.00 after adjusting for inflation. The recession of the early 1990s caused wages at the bottom to decrease more steeply than wages at the middle and top of the wage distribution. Low wages increased by 11.3 percent between 1996 and 2001, due to strong

Table 2.1: Median Hourly Wage
(2001 Dollars)

<u>Year</u>	<u>US</u>	<u>California</u>
1979	\$13.56	\$15.07
1989	\$13.44	\$15.16
1990	\$13.13	\$14.92
1991	\$12.67	\$15.21
1992	\$12.98	\$15.02
1993	\$13.26	\$15.08
1994	\$13.00	\$14.44
1995	\$12.98	\$14.42
1996	\$12.96	\$14.27
1997	\$13.20	\$14.28
1998	\$13.56	\$14.60
1999	\$13.81	\$14.87
2000	\$13.88	\$15.42
2001	\$14.10	\$15.38
<u>Percent Change</u>		
1979 To 1989	-0.8%	0.6%
1989 To 1996	-3.6%	-5.9%
1996 To 2001	8.8%	7.8%
1989 To 2001	4.9%	1.4%
1979 To 2001	4.0%	2.1%

Source: CBP analysis of Current Population Survey data

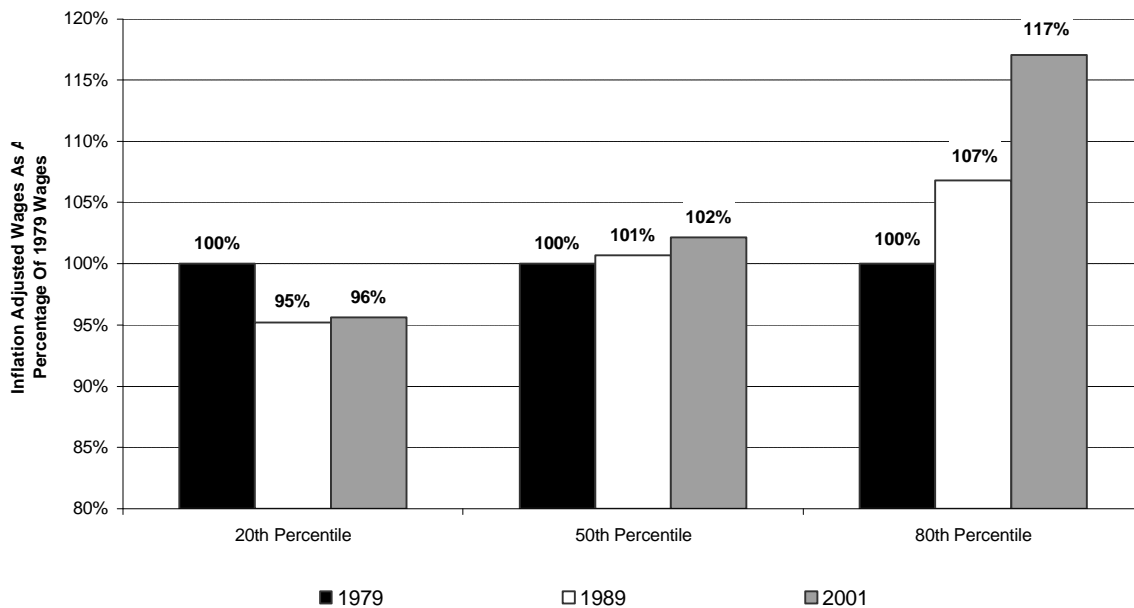
Table 2.2: Hourly Wage By Percentile (2001 Dollars)									
<u>Year</u>	<u>10</u>	<u>20</u>	<u>30</u>	<u>40</u>	<u>50</u>	<u>60</u>	<u>70</u>	<u>80</u>	<u>90</u>
1979	\$7.59	\$9.41	\$11.30	\$13.15	\$15.06	\$17.04	\$19.77	\$22.59	\$28.24
1989	\$6.89	\$8.96	\$11.03	\$13.10	\$15.16	\$17.23	\$20.68	\$24.13	\$30.33
1990	\$6.70	\$8.92	\$10.82	\$13.13	\$14.92	\$17.24	\$19.86	\$24.24	\$30.31
1991	\$6.79	\$8.87	\$10.86	\$12.67	\$15.21	\$17.53	\$20.28	\$24.37	\$31.69
1992	\$6.80	\$8.72	\$10.82	\$12.62	\$15.02	\$17.39	\$20.17	\$24.73	\$30.91
1993	\$6.70	\$8.75	\$10.86	\$12.55	\$15.08	\$17.43	\$20.30	\$24.13	\$30.16
1994	\$6.50	\$8.27	\$10.48	\$12.29	\$14.44	\$17.04	\$20.09	\$24.26	\$31.24
1995	\$6.06	\$8.07	\$10.09	\$11.98	\$14.42	\$17.24	\$19.96	\$24.03	\$30.28
1996	\$6.18	\$8.09	\$10.11	\$12.08	\$14.27	\$16.85	\$19.66	\$23.59	\$30.33
1997	\$6.34	\$7.81	\$9.90	\$12.02	\$14.28	\$16.50	\$19.80	\$24.20	\$30.64
1998	\$6.51	\$8.26	\$10.30	\$12.20	\$14.60	\$17.35	\$20.34	\$25.03	\$32.32
1999	\$6.54	\$8.50	\$10.62	\$12.75	\$14.87	\$17.65	\$20.73	\$25.53	\$33.19
2000	\$6.68	\$8.43	\$10.28	\$12.65	\$15.42	\$17.79	\$21.33	\$25.70	\$34.34
2001	\$7.00	\$9.00	\$10.55	\$13.00	\$15.38	\$18.27	\$21.78	\$26.44	\$36.00
<u>Percent Change</u>									
1996 To 2001	13.3%	11.3%	4.4%	7.7%	7.8%	8.4%	10.8%	12.1%	18.7%
1989 To 2001	1.6%	0.4%	-4.3%	-0.7%	1.4%	6.0%	5.3%	9.6%	18.7%
1979 To 2001	-7.8%	-4.4%	-6.6%	-1.1%	2.1%	7.2%	10.2%	17.0%	27.5%

Source: CBP analysis of Current Population Survey data

economic growth and increases in the state's minimum wage (see below). However, low wages in 2001 still lagged behind their 1979 level of \$9.41.

In contrast, wages at the high end of the wage distribution - those at the 80th percentile - posted strong gains in the 1990s, increasing 9.6 percent between 1989 and 2001 after adjusting for inflation. High-wage workers experienced a drop of only 2.2 percent in the early 1990s, followed by an increase of 12.1 percent between 1996 and 2001. Moreover, wages at the high end have increased by 17.0 percent since 1979. Wages at the very high end of the wage distribution - those at the 90th percentile - increased even more, 18.7 percent between 1989 and 2001, and 27.5 percent between 1979 and 2001.

Figure 2.1 illustrates the disparate trends in low, median, and high wages between the economic peaks of 1979, 1989, and 2001. Earnings of low-wage workers decreased between 1979 and 1989, but gained modest ground between 1989 and 2001. Median wages experienced a very moderate increase over the period. In contrast, wages at the 80th percentile rose substantially.

Figure 2.1: Wage Trends At Peaks Of Economic Expansions

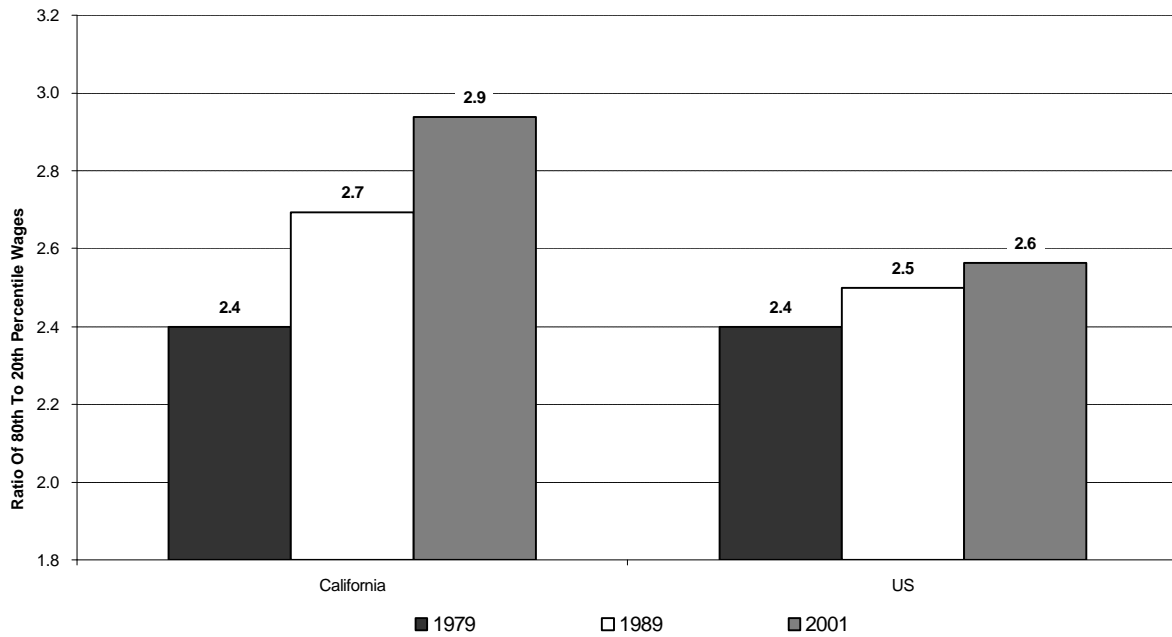
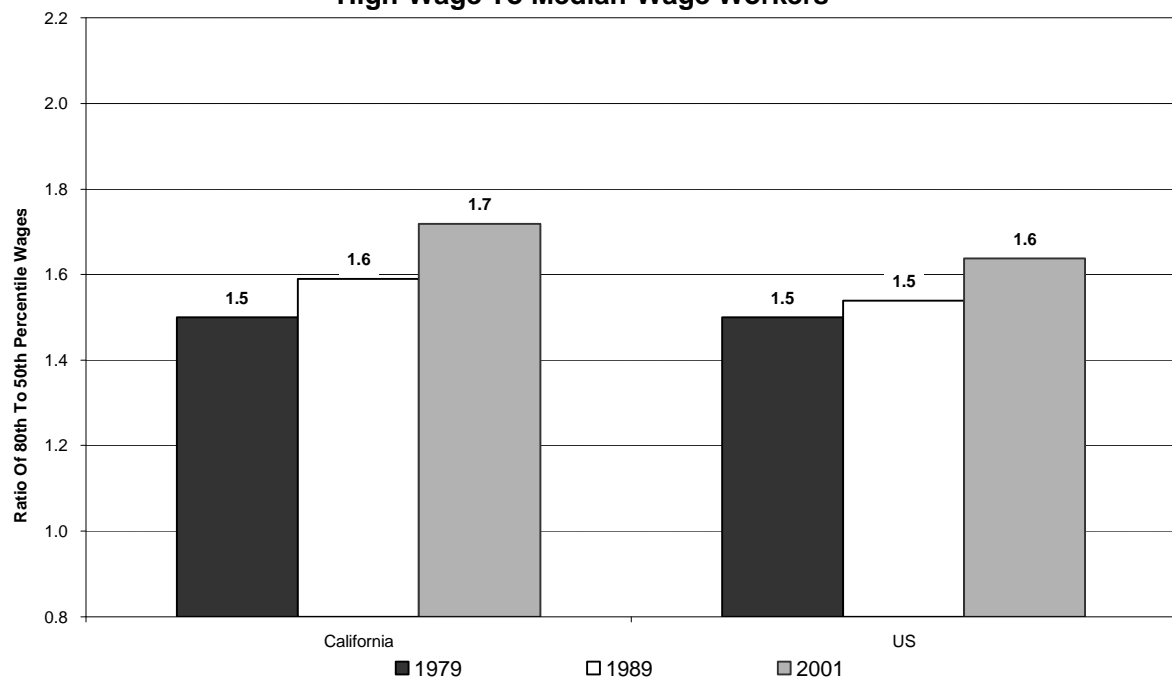
Source: CBP analysis of Current Population Survey data

WAGE INEQUALITY INCREASES

Due to the disparate trends in wages at different parts of the wage distribution, wage inequality has risen in California, especially between high-wage and low-wage workers.⁴⁵ In 1979, the hourly wage of the worker at the 80th percentile was 2.4 times the wage of the worker at the 20th percentile (Figure 2.2). This ratio increased to 2.7 in 1989 and to 2.9 in 2001. This increase in wage inequality is much greater than the increase in wage inequality for the US as a whole, which rose from 2.4 in 1979 to 2.6 in 2001.

Inequality also increased between wages at the top and middle of the California earnings distribution (Figure 2.3). In 1979, the hourly wage of the worker at the 80th percentile was 1.5 times greater than the median wage; in 2001, the 80th percentile wage was 1.7 times greater. This inequality ratio increased more in California than in the nation as a whole, where it rose from 1.5 in 1979 to 1.6 in 2001.

Over the past two decades, the disparities between California's high- and middle-wage earners reflected strong growth at the high end of the earnings distribution coupled with moderate growth in the middle. In contrast, inequality between the top and the bottom of the wage distribution is due to strong growth for high-wage earners and a moderate decline in the purchasing power for low-wage workers.

**Figure 2.2: Wage Inequality Ratios,
High-Wage To Low-Wage Workers****Figure 2.3: Wage Inequality Ratios,
High-Wage To Median-Wage Workers**

Recent Evidence Suggests Modest Growth In The Wages Of Individual Workers

Data that describe the wage distribution at different points in time, such as those presented above, do not necessarily reflect how individual workers' wages or earnings fared over time. For example, while wages may be stagnant for low-wage workers as a whole, individual workers' earnings may rise as their skills and work experience increase. A study commissioned by the state's Employment Development Department (EDD) analyzed individual workers' earnings in 1988, 1992, 1996, and 2000. The study, which examined earnings of workers employed during all four quarters of each of the study years, found significant wage growth for many individual workers over the 12-year period.¹ However, the findings do not describe earnings trends for all workers in California.

Nearly four out of five workers (78.7 percent) in the bottom fifth (quintile) of the earnings distribution in 1988 had moved into higher quintiles by 2000.² Conversely, 21.3 percent of workers in the bottom quintile remained at the bottom, despite substantial work experience as demonstrated by the fact that they were employed during all four quarters of four separate years over a 12-year period. Workers with earnings in higher quintiles were somewhat less likely to move up the earnings distribution. Less than two-thirds (62.4 percent) of workers in the second lowest quintile, and only 51.1 percent of workers in the middle quintile, moved into higher earning groups over the 12-year period.

The wage gains of workers also varied substantially by industry. Median earnings of workers employed in non-durable goods manufacturing increased by 10.3 percent during the study period. In contrast, earnings for workers employed in the retail trade and business services industries increased by 35.6 and 35.8 percent, respectively. The data also suggest that low-wage workers can increase their earnings by shifting out of low-wage industries. Median earnings of workers who shifted from the retail trade industry to another industry increased by 82.6 percent. In contrast, the median earnings of those who remained employed in retail trade rose by just 9.7 percent.

The population studied varies significantly from the California workforce as a whole. The nature of the differences suggests that the wage gains of those studied probably exceed those of the workforce as a whole. First, earnings of workers in the sample were higher than the overall workforce. Second, while inflation-adjusted median earnings for the California workforce as a whole fell by 7.1 percent between 1988 and 2000, the median earnings for the workers studied rose 23.7 percent during the same period. These differences can be attributed to two related reasons: the workers studied had significant labor force attachment (each person worked year-round), and by the end of the study period, each worker had an additional 12 years in the labor force to acquire additional experience and skills.

Thus, while these findings are positive, they do not describe trends for the overall California workforce. For instance, recent entrants to the labor force in the 1990s (such as former welfare recipients) and low-wage workers with less consistent labor force attachment (such as seasonal workers and women who move in and out of the labor force due to childbearing) would not have met the study criteria. In fact, recent labor force entrants could have actually boosted the relative position of many of the individuals studied by taking their place in the lower earnings quintiles in 1996 and 2000. Furthermore, as the study notes, some of the increase in annual earnings, especially for those at the low end of the earnings distribution, may be attributable to more hours worked rather than higher wages, a question that was not examined by the study.

¹ Colleen Moore, et al., Wage Mobility in California: An Analysis of Annual Earnings (Labor Market Information Division Working Paper, Employment Development Department: April 10, 2002), pp. 8, downloaded from <http://www.calmis.ca.gov/specialreports/Wage-Mobility-2002.pdf> on July 2, 2002.

² The comparison in 2000 contrasts workers in the study with all California workers. Thus, while workers in the study have at least 12 years experience in the workforce in 2000, they are compared with all workers, including new labor force entrants and those with less labor force attachment.

WOMEN'S WAGE GAINS OUTPACE THOSE OF MALE WORKERS

Over the past two decades, the wage gains of women workers have substantially exceeded those of their male counterparts (Table 2.3). While the hourly earnings of male workers still exceeded those of their female counterparts in 2001, the inflation-adjusted median wage of female workers as a percentage of male hourly earnings increased from 62.4 percent in 1979 to 76.0 percent in 1989 and to 80.9 percent in 2001.

Table 2.3: Hourly Wage By Gender

<u>Year</u>	<u>Women</u>			<u>Men</u>			<u>Women's Wages As A Percentage Of Men's Wages</u>		
	<u>20th Percentile</u>	<u>Median</u>	<u>80th Percentile</u>	<u>20th Percentile</u>	<u>Median</u>	<u>80th Percentile</u>	<u>20th Percentile</u>	<u>Median</u>	<u>80th Percentile</u>
1979	\$7.91	\$11.46	\$16.95	\$11.64	\$18.37	\$25.87	68.0%	62.4%	65.5%
1989	\$8.13	\$13.10	\$20.40	\$10.34	\$17.23	\$27.57	78.7%	76.0%	74.0%
1990	\$7.95	\$13.13	\$19.70	\$9.85	\$17.07	\$26.53	80.7%	76.9%	74.3%
1991	\$8.24	\$12.81	\$20.60	\$9.51	\$17.11	\$26.82	86.7%	74.9%	76.8%
1992	\$8.25	\$13.49	\$21.33	\$9.58	\$16.69	\$26.71	86.1%	80.8%	79.9%
1993	\$8.14	\$13.27	\$20.87	\$9.65	\$16.80	\$27.12	84.4%	79.0%	77.0%
1994	\$8.27	\$13.29	\$21.27	\$8.86	\$16.07	\$27.17	93.3%	82.7%	78.3%
1995	\$7.73	\$12.98	\$21.07	\$8.36	\$16.15	\$26.61	92.4%	80.4%	79.2%
1996	\$7.86	\$13.48	\$21.34	\$8.42	\$15.56	\$25.93	93.3%	86.6%	82.3%
1997	\$7.50	\$12.98	\$21.68	\$8.25	\$15.53	\$26.11	90.9%	83.6%	83.0%
1998	\$7.59	\$13.01	\$21.90	\$8.68	\$16.27	\$27.11	87.5%	80.0%	80.8%
1999	\$7.70	\$13.33	\$22.74	\$9.03	\$15.93	\$27.62	85.3%	83.7%	82.3%
2000	\$8.04	\$13.36	\$23.13	\$9.25	\$17.14	\$28.96	86.9%	78.0%	79.9%
2001	\$8.08	\$14.00	\$23.60	\$9.60	\$17.30	\$29.78	84.2%	80.9%	79.2%

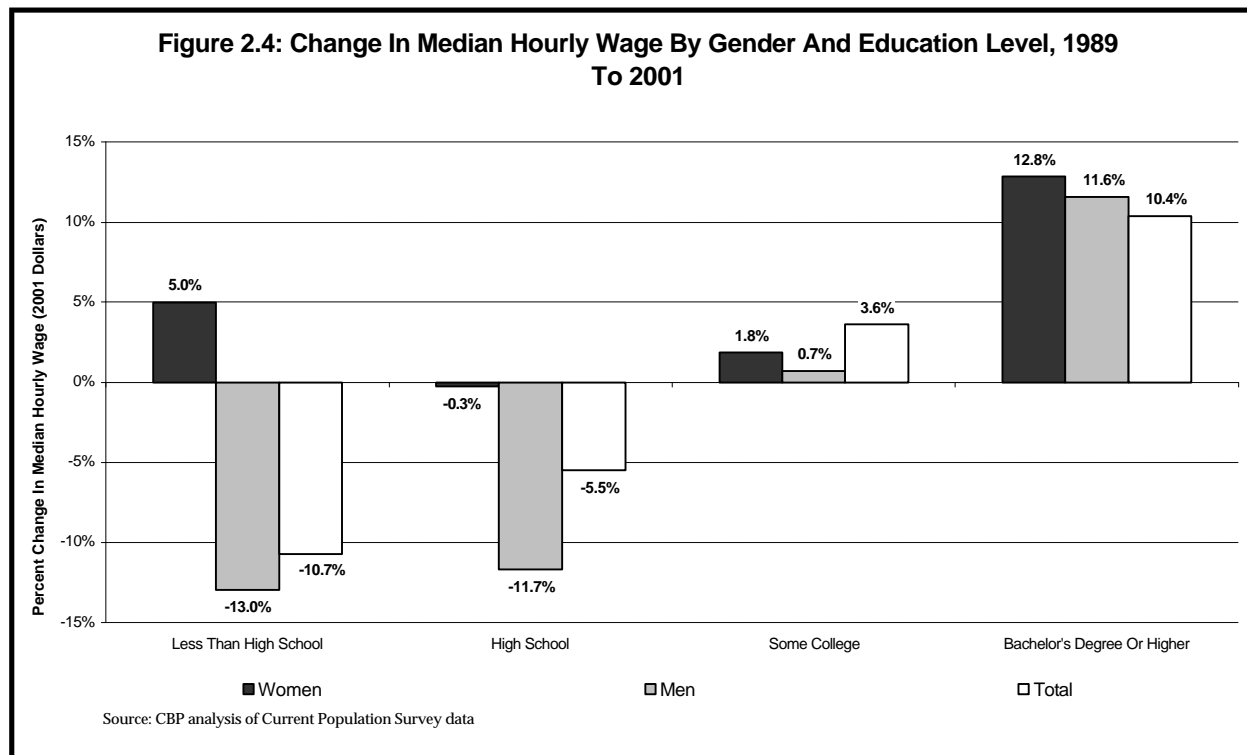
Source: CBP analysis of Current Population Survey data

The narrowing of the gender wage gap reflects an increase in women's earnings coupled with a decline in the median hourly wage of men. The median hourly wage for female workers in California increased by 22.2 percent between 1979 and 2001 after adjusting for inflation. In contrast, the median wage of male workers actually declined by 5.8 percent during the same period. The disparity was especially wide between 1979 and 1989, when the median wage of female workers increased by 14.3 percent, while that of male workers fell by 6.2 percent. Between 1989 and 2001, the median wage of female workers rose by 6.9 percent, while that of male workers barely exceeded inflation, increasing by 0.4 percent.

Similar disparities occurred for the wages of workers at the 20th and 80th percentiles. For both low- and high-wage workers, the wage gains of female workers substantially surpassed those of men. Women across the wage distribution posted large gains between 1979 and 1989; however, the hourly earnings of female low-wage workers did not keep pace with inflation between 1989 and 2001, declining by 0.7 percent. In contrast, the hourly wages of low-wage

male workers declined 11.1 percent between 1979 and 1989 and 7.2 percent between 1989 and 2001. High-wage male workers made gains during both periods, but their wage increase between 1989 and 2001 was about half the increase of their female counterparts (8.0 and 15.7 percent, respectively).

The hourly earnings of women with low levels of education fared much better than the wages of men with comparable levels of education between 1989 and 2001 (Figure 2.4). The median wage of women with less than a high school diploma increased 5.0 percent, whereas the median wage of male workers with similar education decreased by 13.0 percent. The median wage of women with a high school degree but no additional education nearly kept



pace with inflation, decreasing by 0.3 percent. In contrast, the median wage of men with the same level of education fell 11.7 percent. The median hourly wage of women with a college education also rose more than that of college-educated men.

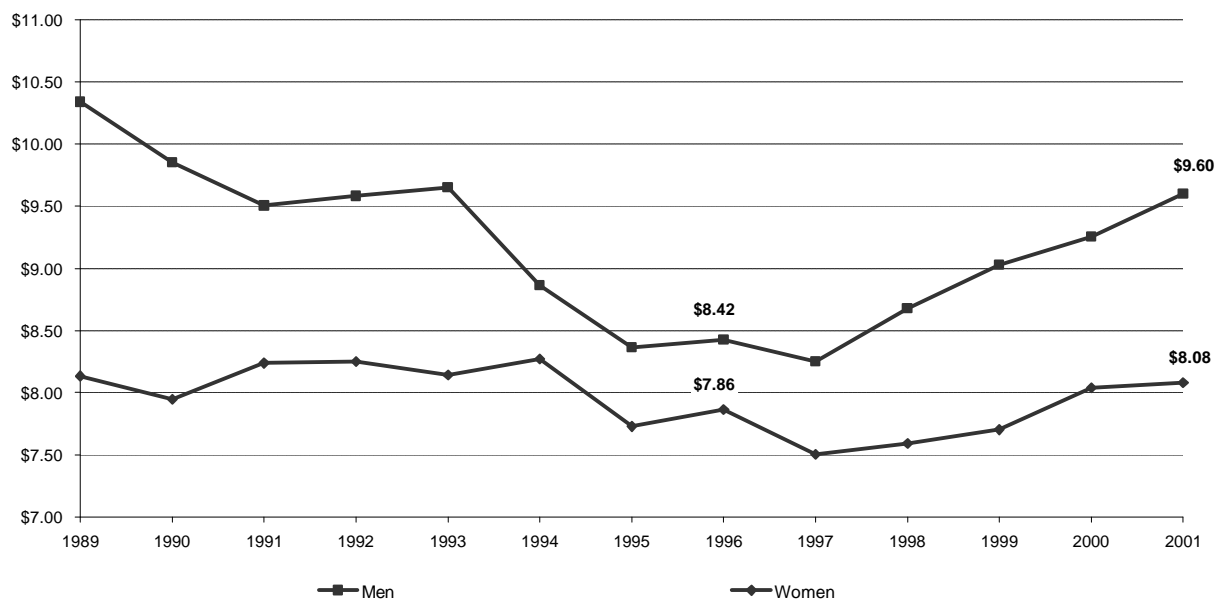
While wage gains for females outpaced wage gains for the typical male between 1989 and 2001, the trend is reversed for the final years of the economic expansion. The median wage for female workers increased 3.9 percent between 1996 and 2001, as compared to an 11.2 percent gain for the typical male worker. The median wage for women came the closest to the median male wage in 1996, at 86.6 percent, before falling to 80.9 percent in 2001 (Table 2.3). Similarly, hourly earnings for low-wage female workers increased 2.8 percent, whereas the hourly wage for their male counterparts increased by 13.9 percent.

Welfare And Women's Wages: A Connection?

As the nation debated the 1996 federal welfare reform law, many analysts expressed concern that the labor market would not provide enough jobs for women to leave welfare for work. However, the strong economy of the late 1990s generated more jobs than many anticipated. The number of families receiving cash assistance declined sharply as the participation of single mothers in the labor force reached historically high levels. A question still remains whether the new entrants to the labor force, predominately single mothers, suppressed wage levels for low-wage workers.

Low-end wages for women began to lose ground relative to men's wages after 1996 (Figure 2.5). While wages for low-wage workers rose for both women and men between 1997 and 2001, the increase in women's wages (7.7 percent) was less than half the increase in men's wages (16.4 percent). This increased the wage gap between low-wage female and male workers, following a narrowing wage gap during the early 1990s. In 1997, the hourly wage for low-wage female workers was 9.1 percent lower than the comparable male wage. In 2001, low wages for female workers were 15.8 percent lower than for men.

Figure 2.5: 20th Percentile Wages By Gender



Source: CBP analysis of Current Population Survey data

In comparison, the wage gap between female and male median workers widened from 16.4 to 19.1 percent between 1997 and 2001. However, the gap for median workers increased less than the gap for low-wage workers. Thus, while wages for low-wage female workers increased significantly after welfare reform, they might have increased even more in the absence of welfare reform.

WAGE TRENDS VARY BY RACE, ETHNICITY

An examination of recent wage trends by race and ethnicity discloses significant disparities. While the median wage of California workers rose from \$15.16 to \$15.38 (1.4 percent) between 1989 and 2001, the median wage of white workers rose from \$17.23 to \$19.00 (10.3 percent) and the median wage of Asian workers rose from \$14.43 to \$16.00 (10.8 percent) (Table 2.4).⁴⁸ However, during the same period, the median wage of Latino workers declined from \$10.34 to \$10.00 (3.3 percent) and that of black workers barely outpaced inflation, rising by just 0.1 percent.

<u>Year</u>	<u>Total</u>	<u>White</u>	<u>Black</u>	<u>Latino</u>	<u>Asian</u>
1989	\$15.16	\$17.23	\$13.99	\$10.34	\$14.43
1990	\$14.92	\$17.07	\$14.45	\$10.51	\$14.59
1991	\$15.21	\$17.11	\$15.21	\$10.14	\$13.94
1992	\$15.02	\$17.31	\$14.84	\$10.32	\$13.91
1993	\$15.08	\$17.37	\$14.48	\$10.25	\$14.48
1994	\$14.44	\$17.04	\$14.58	\$9.45	\$14.99
1995	\$14.42	\$17.30	\$14.42	\$9.23	\$14.42
1996	\$14.27	\$17.25	\$14.27	\$9.55	\$14.23
1997	\$14.28	\$17.03	\$13.20	\$9.35	\$14.80
1998	\$14.60	\$17.62	\$14.60	\$9.76	\$14.10
1999	\$14.87	\$18.06	\$14.52	\$10.09	\$15.77
2000	\$15.42	\$17.79	\$14.12	\$10.28	\$16.53
2001	\$15.38	\$19.00	\$14.00	\$10.00	\$16.00
Percentage Change, 1989 To 2001	1.4%	10.3%	0.1%	-3.3%	10.8%

Source: CBP analysis of Current Population Survey data

The wage gap between the typical white worker and typical black and Latino workers widened between 1989 and 2001. The median wage for black workers as a percentage of the median white worker's earnings fell from 81.2 percent in 1989 to 73.7 percent in 2001. The wage for the typical Latino worker was 60.0 percent of the typical white worker's wage in 1989, falling to 52.6 percent in 2001. The median wage for Asian workers, who experienced strong wage growth in the decade, was still only 84.2 percent of that for their white counterparts in 2001.

These disparities in wage gains by race and ethnicity are not explained by education alone (Table 2.5). The median wage of white workers with a bachelor's degree or higher increased

significantly between 1989 and 2001 (11.0 percent), as did the median wage for Asian workers with the same level of education (25.7 percent). However, the median wage of Latino workers with a bachelor's degree or higher increased by only 2.0 percent. The median wage of white and Asian workers with some college education but without a four-year degree also outperformed that of black and Latino workers with the same level of education. However, the median wage for white workers with less than a high school education declined by 20.7 percent between 1989 and 2001, faring worse than the median wage for Latino and Asian workers with the same level of education.

Table 2.5: Median Hourly Wage By Race/Ethnicity And Education Level
(2001 Dollars)

	<u>1989</u>	<u>2000</u>	<u>2001</u>	Percent Change 1989 To 2001
All	\$15.16	\$15.42	\$15.38	1.4%
Less Than High School	\$8.96	\$7.71	\$8.00	-10.7%
High School	\$13.10	\$12.33	\$12.38	-5.5%
Some College	\$15.32	\$15.42	\$15.87	3.6%
Bachelor's Degree Or Higher	\$21.78	\$23.64	\$24.04	10.4%
White	\$17.23	\$17.79	\$19.00	10.3%
Less Than High School	\$12.61	\$9.03	\$10.00	-20.7%
High School	\$13.79	\$13.36	\$14.25	3.4%
Some College	\$16.09	\$16.45	\$16.83	4.6%
Bachelor's Degree Or Higher	\$22.53	\$24.16	\$25.00	11.0%
Black	\$13.99	\$14.12	\$14.00	0.1%
Less Than High School	*	*	*	*
High School	\$12.41	\$10.28	\$11.00	-11.3%
Some College	\$14.41	\$13.88	\$14.00	-2.8%
Bachelor's Degree Or Higher	*	*	*	*
Latino	\$10.34	\$10.28	\$10.00	-3.3%
Less Than High School	\$8.27	\$7.71	\$8.00	-3.3%
High School	\$11.44	\$10.90	\$11.00	-3.9%
Some College	\$13.79	\$13.36	\$14.25	3.4%
Bachelor's Degree Or Higher	\$19.60	\$19.53	\$20.00	2.0%
Asian	\$14.43	\$16.53	\$16.00	10.8%
Less Than High School	\$8.27	\$8.22	\$8.45	2.2%
High School	\$11.37	\$12.05	\$11.00	-3.3%
Some College	\$13.99	\$15.42	\$15.00	7.2%
Bachelor's Degree Or Higher	\$18.36	\$22.61	\$23.08	25.7%

* Data unavailable due to insufficient sample size.

Source: CBP analysis of Current Population Survey data

WAGE GAINS VARY BY SECTOR

Wage trends also varied considerably by sector over the last two decades (Table 2.6). Government workers' wages increased by 12.7 percent, after adjusting for inflation, and workers in the finance, insurance, and real estate sector experienced an 11.7 percent increase. However, the typical construction worker's hourly wage fell from \$18.96 to \$17.00 (10.3 percent) and the wage of the typical worker in nondurable goods manufacturing fell by 9.3 percent during the same period. Wages also fell for the lowest paying sectors: retail trade and agriculture.

	<u>1989</u>	<u>2001</u>	<u>Percent Change</u>
All Industries	\$15.16	\$15.38	1.4%
Agriculture	\$7.58	\$7.50	-1.1%
Manufacturing (Nondurable Goods)	\$13.79	\$12.50	-9.3%
Manufacturing (Durable Goods)	\$17.23	\$17.50	1.6%
Construction	\$18.96	\$17.00	-10.3%
Services	\$14.69	\$16.00	8.9%
Wholesale Trade	\$15.51	\$16.00	3.2%
Retail Trade	\$10.34	\$10.00	-3.3%
Finance, Insurance, And Real Estate	\$15.91	\$17.78	11.7%
Transportation and Public Utilities	\$17.55	\$18.31	4.4%
Government	\$17.92	\$20.19	12.7%

Source: CBP analysis of Current Population Survey data

UNION WAGE PREMIUM NARROWS

The typical worker covered by a union contract earned \$4.05 per hour more than her or his non-union counterpart in 2001 (Table 2.7).⁴⁹ However, the gap between union and non-union workers' wages has narrowed slightly over the past decade. In 1989, the typical union worker earned the equivalent of \$4.14 more per hour in inflation-adjusted dollars. The gap closed slightly because the wage for the typical union worker increased by 3.5 percent between 1989 and 2001, whereas the wage for the typical non-union worker increased by 5.2 percent over the same period.

The wage gap between union and non-union workers narrowed even more for workers at the high and low ends of the wage distribution. The wage gap narrowed from \$2.41 in 1989 to \$1.40 in 2001 at the high end of the distribution because wages at the 80th percentile increased more for non-union workers than for union workers (12.2 and 7.1 percent, respectively). On the other hand, the wage gap at the low end of the distribution shrank from

Table 2.7: Hourly Wages By Union Coverage (2001 Dollars)			
	<u>20th Percentile</u>	<u>Median</u>	<u>80th Percentile</u>
Non-Unionized Workers			
1989	\$8.27	\$13.79	\$23.44
2001	\$8.24	\$14.50	\$26.29
Absolute Change, 1989-2001	-\$0.03	\$0.71	\$2.85
Percentage Change, 1989-2001	-0.4%	5.2%	12.2%
Unionized Workers			
1989	\$12.41	\$17.92	\$25.85
2001	\$11.70	\$18.55	\$27.69
Absolute Change, 1989-2001	-\$0.71	\$0.63	\$1.84
Percentage Change, 1989-2001	-5.7%	3.5%	7.1%
Union/Non-Union Wage Gap			
1989	\$4.14	\$4.13	\$2.41
2001	\$3.46	\$4.05	\$1.40

Source: CBP analysis of Current Population Survey data

\$4.14 to \$3.46 because union wages at the 20th percentile fell while non-union wages remained steady, after adjusting for inflation.

Similar to the trends for workers as a whole, the median wage for non-union workers in several sectors grew faster than for union workers in the same sector. For example, hourly earnings for the typical union worker in the service sector increased 4.6 percent between 1989 and 2001, as compared to an 8.8 percent increase for the typical non-union service worker. The median wage for non-union workers in the retail trade sector rose 7.5 percent, whereas it fell by 20.3 percent for unionized retail trade workers. However, this pattern does not hold for all sectors. While wages fell for the construction sector between 1989 and 2001, they fell more for non-union workers (9.3 percent) than for union workers (1.9 percent).

MANY WORKERS' WAGES ARE INSUFFICIENT TO SUPPORT A FAMILY

Nearly one in ten workers in California (9.1 percent) earn less than \$6.86 per hour, the wage a full-time worker needed to earn to move a family of three above the federal poverty line in 2001 (Table 2.8). This includes 11.5 percent of female workers in California and 7.1 percent of male workers. In comparison, 7.7 percent of California workers earned poverty-level wages in 1989.

A far greater share of the workforce fails to earn enough to purchase basic necessities. Two-thirds (67.8 percent) of California workers earned less than the amount needed by a single parent to support a family of three (\$20.89), and 38.6 percent earned less than the amount needed by a family of four supported by two full-time workers (\$12.51 per hour), in 2001.⁵⁰ Women are less likely to earn enough to raise a family; three-quarters (75.0 percent) earned

Table 2.8: Percentage Of Workers With Low Hourly Wages

	Below Poverty Threshold (Family Of Three)	Below Poverty Threshold (Family Of Four)	Below CBP Basic Family Budget (Family Of Three)	Below Half Of CBP Basic Family Budget (Family Of Three)	Below CBP Basic Family Budget (Family Of Four)
1989					
Total	7.7%	17.9%	72.6%	27.7%	38.2%
Women	10.2%	22.9%	82.7%	35.0%	48.1%
Men	5.6%	13.6%	64.1%	21.5%	29.9%
2001					
Total	9.1%	18.7%	67.8%	29.3%	38.6%
Women	11.5%	22.0%	75.0%	33.8%	44.1%
Men	7.1%	15.9%	61.6%	25.5%	33.9%

Notes: Poverty threshold hourly wage equivalent for a family of three (one adult and two children): \$4.80 (1989), \$6.86 (2001). Poverty threshold hourly wage equivalent for a family of four (two adults and two children): \$6.05 (1989), \$8.63 (2001). CBP basic family budget hourly wage equivalent for a family of three (one adult and two children): \$15.15 (1989), \$20.89 (2001). CBP basic family budget hourly wage equivalent for a family of four (two working adults and two children): \$9.07 (1989), \$12.51 (2001).

Source: CBP analysis of Current Population Survey data

less than the single-parent wage of \$20.89 per hour, and 44.1 percent earned less than the two-parent wage of \$12.51 per hour, in 2001.

WAGE TRENDS BY REGION

Wage trends varied substantially between Los Angeles and the Bay Area. The median hourly wage lost ground in Los Angeles County between 1989 and 2001, and population groups with wage gains over the period experienced lower growth than their counterparts in the state as a whole. In contrast, wages in the Bay Area outperformed those of the state as a whole.⁵¹

Los Angeles County

Hourly wages of Los Angeles County workers declined between 1989 and 2001 across the wage distribution, after adjusting for inflation (Table 2.9). Wages fell 3.3 percent for low-wage workers (those at the 20th percentile), 3.9 percent for the median worker, and 0.4 percent for high-wage workers (those at the 80th percentile). In comparison, wages generally increased for workers at the same points in the earnings distribution in the state as a whole.

The drop in wage was larger for men in Los Angeles, especially low-wage workers, whose hourly earnings lost 16.7 percent of their purchasing power between 1989 and 2001. Wages for women at the low end and at the middle of the wage distribution also fell (2.1 and 3.1 percent, respectively). Hourly earnings for high-wage female workers, however, increased by 8.5 percent.

The decline in purchasing power disproportionately affected black and Latino workers. Black and Latino workers across the wage distribution experienced wage losses or wage stagnation, with the exception of low-wage black workers, whose wages increased 3.6 percent between 1989 and 2001. In contrast, hourly wages of white and Asian workers increased.

**Table 2.9: Hourly Wage By Gender And Race/Ethnicity,
Los Angeles County (2001 Dollars)**

	<u>Percent Change</u>					
	<u>1989</u>	<u>1996</u>	<u>2001</u>	<u>1989 To 1996</u>	<u>1996 To 2001</u>	<u>1989 To 2001</u>
All						
20th Percentile	\$8.27	\$7.30	\$8.00	-11.7%	9.6%	-3.3%
Median	\$14.36	\$12.92	\$13.80	-10.0%	6.8%	-3.9%
80th Percentile	\$24.13	\$22.47	\$24.04	-6.9%	7.0%	-0.4%
Men						
20th Percentile	\$9.61	\$7.58	\$8.00	-21.1%	5.5%	-16.7%
Median	\$16.34	\$13.48	\$14.85	-17.5%	10.2%	-9.1%
80th Percentile	\$26.71	\$23.79	\$25.00	-10.9%	5.1%	-6.4%
Women						
20th Percentile	\$7.66	\$6.85	\$7.50	-10.5%	9.5%	-2.1%
Median	\$13.10	\$12.32	\$12.69	-5.9%	3.0%	-3.1%
80th Percentile	\$20.68	\$21.06	\$22.44	1.9%	6.5%	8.5%
White						
20th Percentile	\$11.03	\$10.39	\$11.15	-5.8%	7.3%	1.1%
Median	\$17.92	\$17.66	\$19.23	-1.4%	8.9%	7.3%
80th Percentile	\$27.57	\$28.08	\$31.00	1.9%	10.4%	12.4%
Black						
20th Percentile	\$9.65	\$7.86	\$10.00	-18.5%	27.2%	3.6%
Median	\$15.51	\$13.48	\$15.06	-13.1%	11.7%	-2.9%
80th Percentile	\$23.71	\$21.34	\$23.08	-10.0%	8.1%	-2.7%
Latino						
20th Percentile	\$6.89	\$5.62	\$6.63	-18.5%	18.0%	-3.9%
Median	\$9.99	\$8.99	\$10.00	-10.1%	11.3%	0.1%
80th Percentile	\$16.54	\$15.46	\$16.35	-6.6%	5.8%	-1.2%
Asian						
20th Percentile	\$9.41	\$8.99	\$10.00	-4.5%	11.3%	6.3%
Median	\$15.44	\$14.26	\$16.33	-7.7%	14.5%	5.7%
80th Percentile	\$23.26	\$25.84	\$25.00	11.1%	-3.2%	7.5%

Source: CBP analysis of Current Population Survey data

Wage losses in Los Angeles County also affected those with lower levels of education attainment (Table 2.10). The median hourly wage of workers with less than a high school degree declined by 7.2 percent between 1989 and 2001. However, wage gains were weak even among workers with at least a bachelor's degree. The median wage of workers with a

Table 2.10: Hourly Wage By Education Level, Los Angeles County (2001 Dollars)						
	1989	1996	2001	Percent Change		
				1989 To 1996	1996 To 2001	1989 To 2001
All						
20th Percentile	\$8.27	\$7.30	\$8.00	-11.7%	9.6%	-3.3%
Median	\$14.36	\$12.92	\$13.80	-10.0%	6.8%	-3.9%
80th Percentile	\$24.13	\$22.47	\$24.04	-6.9%	7.0%	-0.4%
Less Than High School						
20th Percentile	\$6.20	\$5.62	\$6.25	-9.5%	11.3%	0.7%
Median	\$8.62	\$7.58	\$8.00	-12.0%	5.5%	-7.2%
80th Percentile	\$13.79	\$11.23	\$12.00	-18.5%	6.8%	-13.0%
High School						
20th Percentile	\$8.27	\$7.02	\$7.50	-15.1%	6.8%	-9.3%
Median	\$12.90	\$11.23	\$11.84	-12.9%	5.4%	-8.2%
80th Percentile	\$19.30	\$16.85	\$19.00	-12.7%	12.8%	-1.6%
Some College						
20th Percentile	\$10.34	\$8.42	\$9.90	-18.5%	17.5%	-4.3%
Median	\$15.30	\$14.04	\$15.00	-8.2%	6.8%	-2.0%
80th Percentile	\$23.44	\$21.76	\$23.00	-7.1%	5.7%	-1.9%
Bachelor's Degree Or Higher						
20th Percentile	\$13.79	\$12.96	\$13.46	-6.0%	3.9%	-2.4%
Median	\$22.06	\$21.22	\$22.83	-3.8%	7.6%	3.5%
80th Percentile	\$31.81	\$32.40	\$34.62	1.9%	6.8%	8.8%

Source: CBP analysis of Current Population Survey data

bachelor's degree or higher increased by only 3.5 percent between 1989 and 2001, as compared to a 10.4 percent gain in the state as a whole.

About one in eight workers (12.9 percent) in Los Angeles County earned less than the full-time hourly wage equivalent needed to move a family of three out of poverty in 2001 (Table 2.11). A greater share of workers earned poverty-level wages in 2001 than in 1989. Moreover, nearly three-quarters (73.0 percent) earned less than the amount a single parent needs to support a family of three in Los Angeles (\$20.60 per hour).⁵²

Bay Area

In contrast to declines in Los Angeles County, wages in the San Francisco Bay Area increased across the wage distribution. The median hourly wage for Bay Area workers increased by 10.3 percent between 1989 and 2001 after adjusting for inflation, much higher than the 1.4 percent increase for the state as a whole (Table 2.12).⁵³ Wage gains were particularly large among high-wage earners. Hourly earnings increased 20.6 percent for work-

Table 2.11: Percentage Of Workers With Low Hourly Wages By Region

	Below Poverty Threshold (Family Of Three)	Below Poverty Threshold (Family Of Four)	Below CBP Basic Family Budget (Family Of Three)	Below CBP Basic Family Budget (Family Of Four)
1989				
California	7.7%	17.9%	72.6%	38.2%
Los Angeles County	8.8%	20.0%	70.0%	38.8%
Bay Area	5.1%	11.5%	78.0%	40.0%
2001				
California	9.1%	18.7%	67.8%	38.6%
Los Angeles County	12.9%	24.7%	73.0%	44.4%
Bay Area	4.1%	10.1%	69.3%	33.3%
Percentage Point Change, 1989 To 2001				
California	1.4%	0.8%	-4.8%	0.4%
Los Angeles County	4.1%	4.7%	3.0%	5.6%
Bay Area	-1.0%	-1.4%	-8.7%	-6.7%

Notes: Poverty threshold hourly wage equivalent for a family of three (one adult and two children): \$4.80 (1989), \$6.86 (2001). Poverty threshold hourly wage equivalent for a family of four (two adults and two children): \$6.05 (1989), \$8.63 (2001). CBP basic family budget hourly wage equivalent for a family of three (one adult and two children): statewide: \$15.15 (1989), \$20.89 (2001); Los Angeles County: \$14.94 (1989), \$20.60 (2001); Bay Area: \$18.85 (1989), \$25.99 (2001). CBP basic family budget hourly wage equivalent for a family of four (two working adults and two children): statewide: \$9.07 (1989), \$12.51 (2001); Los Angeles County: \$8.97 (1989), \$12.37 (2001); Bay Area: \$10.74 (1989), \$14.81 (2001).

Source: CBP analysis of Current Population Survey data

ers at the 80th percentile of the wage distribution between 1989 and 2001. In contrast, wages for low-wage workers barely kept pace with inflation, increasing by only 1.3 percent over the same period.

Wage gains for low-wage female workers and the median female worker outstripped those for their male counterparts between 1989 and 2001 in the Bay Area. However, wage gains for high-wage male workers were slightly higher than the wage gains of their female counterparts.

Black and Latino workers did not generally share in the wage gains of Bay Area workers. The hourly wages of typical white and Asian workers increased substantially between 1989 and 2001 (14.4 and 17.9 percent, respectively). In contrast, the wages of the typical black and Latino workers decreased over the same period by 1.1 and 6.1 percent, respectively. Wages of low-wage black workers declined by 8.1 percent. While wages of high-wage black workers increased 16.2 percent between 1989 and 2001, high-wage white and Asian workers saw even larger increases.

Wage gains were higher for those with more education, particularly those at the top end of the wage distribution (Table 2.13). The wage of the typical Bay Area worker with a bachelor's degree or higher increased 13.9 percent between 1989 and 2001, while the wage of the typical worker without a high school diploma decreased by 3.3 percent. The hourly wage for the 80th percentile worker with at least a bachelor's degree increased 50.8 percent between

1989 and 2001. However, hourly earnings also increased for low-wage workers with less than a high school diploma.

Table 2.12: Hourly Wage By Gender And Race/Ethnicity, Bay Area (2001 Dollars)						
				<u>Percent Change</u>		
	<u>1989</u>	<u>1996</u>	<u>2001</u>	<u>1989 To 1996</u>	<u>1996 To 2001</u>	<u>1989 To 2001</u>
All						
20th Percentile	\$10.75	\$10.11	\$10.90	-6.0%	7.8%	1.3%
Median	\$17.23	\$16.85	\$19.00	-2.2%	12.8%	10.3%
80th Percentile	\$26.52	\$26.96	\$32.00	1.6%	18.7%	20.6%
Men						
20th Percentile	\$12.41	\$10.67	\$11.85	-14.0%	11.0%	-4.5%
Median	\$19.85	\$17.97	\$21.00	-9.5%	16.8%	5.8%
80th Percentile	\$29.30	\$28.80	\$36.42	-1.7%	26.4%	24.3%
Women						
20th Percentile	\$9.19	\$9.55	\$10.00	3.9%	4.7%	8.8%
Median	\$14.23	\$15.73	\$16.67	10.5%	6.0%	17.1%
80th Percentile	\$22.40	\$23.59	\$27.50	5.3%	16.6%	22.8%
White						
20th Percentile	\$12.06	\$11.79	\$14.00	-2.2%	18.7%	16.1%
Median	\$19.23	\$18.90	\$22.00	-1.7%	16.4%	14.4%
80th Percentile	\$28.56	\$29.14	\$36.15	2.0%	24.1%	26.6%
Black						
20th Percentile	\$10.34	\$9.20	\$9.50	-11.0%	3.3%	-8.1%
Median	\$15.16	\$15.43	\$15.00	1.7%	-2.8%	-1.1%
80th Percentile	\$20.68	\$22.47	\$24.03	8.6%	6.9%	16.2%
Latino						
20th Percentile	\$8.27	\$6.89	\$8.00	-16.8%	16.2%	-3.3%
Median	\$13.23	\$11.23	\$12.43	-15.1%	10.7%	-6.1%
80th Percentile	\$19.85	\$19.20	\$20.00	-3.3%	4.2%	0.7%
Asian						
20th Percentile	\$9.19	\$8.99	\$10.00	-2.2%	11.3%	8.8%
Median	\$15.16	\$14.60	\$17.88	-3.7%	22.4%	17.9%
80th Percentile	\$24.43	\$22.68	\$32.00	-7.2%	41.1%	31.0%

Source: CBP analysis of Current Population Survey data

Table 2.13: Hourly Wage By Education Level, Bay Area (2001 Dollars)

	<u>Percent Change</u>					
	<u>1989</u>	<u>1996</u>	<u>2001</u>	<u>1989 To 1996</u>	<u>1996 To 2001</u>	<u>1989 To 2001</u>
All						
20th Percentile	\$10.75	\$10.11	\$10.90	-6.0%	7.8%	1.3%
Median	\$17.23	\$16.85	\$19.00	-2.2%	12.8%	10.3%
80th Percentile	\$26.52	\$26.96	\$32.00	1.6%	18.7%	20.6%
Less Than High School						
20th Percentile	\$6.89	\$6.12	\$8.00	-11.2%	30.7%	16.1%
Median	\$10.34	\$8.42	\$10.00	-18.5%	18.7%	-3.3%
80th Percentile	\$15.16	\$14.26	\$15.00	-6.0%	5.2%	-1.1%
High School						
20th Percentile	\$9.54	\$7.86	\$9.00	-17.6%	14.5%	-5.7%
Median	\$13.86	\$13.20	\$14.00	-4.7%	6.1%	1.0%
80th Percentile	\$20.68	\$19.38	\$21.00	-6.3%	8.4%	1.6%
Some College						
20th Percentile	\$11.03	\$10.95	\$11.00	-0.7%	0.4%	-0.3%
Median	\$16.71	\$16.63	\$17.75	-0.5%	6.8%	6.2%
80th Percentile	\$23.44	\$23.13	\$26.71	-1.3%	15.5%	14.0%
Bachelor's Degree Or Higher						
20th Percentile	\$13.79	\$13.88	\$16.00	0.7%	15.2%	16.1%
Median	\$22.98	\$21.72	\$26.17	-5.5%	20.5%	13.9%
80th Percentile	\$33.16	\$33.70	\$50.00	1.6%	48.4%	50.8%

Source: CBP analysis of Current Population Survey data

Fewer than one in 20 workers (4.1 percent) in Bay Area counties earned less than the full-time hourly wage equivalent needed to move a family of three out of poverty in 2001 (Table 2.11). However, seven in ten workers (69.3 percent) earned less than the amount needed by a single parent to support a family of three (\$25.99 per hour).⁵⁴ Thus, despite a low share of Bay Area workers who earn poverty-level wages, the percentage of Bay Area workers earning below the level needed to support a family of three is only somewhat smaller than the corresponding percentage of Los Angeles workers. This is related to the higher cost of living in the Bay Area, which increases the earnings necessary to support a family.

CALIFORNIANS WORK MORE TO MAKE ENDS MEET

While wages did not increase substantially for many California workers between 1989 and 2001, many are working more to make ends meet. On average, California's married couple families worked 403 hours (12.6 percent) more per year in the late 1990s than they did in the late 1970s, equivalent to slightly more than ten extra full-time weeks of work per year (Table 2.14). This increase closely mirrors the trend in the nation as a whole, where the average hours worked increased by 432 hours per year (13.2 percent).

Table 2.14: Average Annual Hours Worked By Income Quintile, Married Couple Families With Children

	<u>All Married Couple Families</u>	<u>Poorest Fifth</u>	<u>Second Fifth</u>	<u>Middle Fifth</u>	<u>Fourth Fifth</u>	<u>Top Fifth</u>
California						
1979-81	3,190	1,971	2,864	3,257	3,763	4,095
1988-90	3,402	2,167	3,207	3,484	3,945	4,203
1998-00	3,593	2,348	3,482	3,772	4,099	4,260
Change, Late 1980s To Late 1990s	191	182	275	288	153	57
Change, Late 1970s To Late 1990s	403	378	618	515	336	165
US						
1979-81	3,274	2,269	2,922	3,284	3,678	4,208
1988-90	3,510	2,489	3,236	3,599	3,971	4,248
1998-00	3,706	2,668	3,537	3,872	4,157	4,285
Change, Late 1980s To Late 1990s	196	179	301	273	186	37
Change, Late 1970s To Late 1990s	432	399	614	589	479	77

Source: Economic Policy Institute analysis of Current Population Survey data

While families across the income distribution worked more in the late 1990s, the increase was largest for lower income families. The average hours worked for California families in the lowest and second lowest fifths of the income distribution increased by 19.2 percent and 21.6 percent, respectively. In contrast, families in the top fifth of the income distribution worked only 4.0 percent more hours. It should be noted, however, that higher income families still work substantially more hours per year than do lower income families.

California's single parent families are also working more hours to make ends meet, increasing their work effort by 304 hours per year (18.1 percent) between the late 1970s and the late 1990s (Table 2.15). Most of the increase occurred during the 1990s, when average annual hours of work jumped by 243 hours (14.0 percent). The increase in hours worked by California families is similar but slightly lower than the increase in the US as a whole, where single parent families increased their annual work effort by 367 hours (22.4 percent) between the late 1970s and the late 1990s.

Table 2.15: Average Annual Hours Worked, Single Parent Families With Children

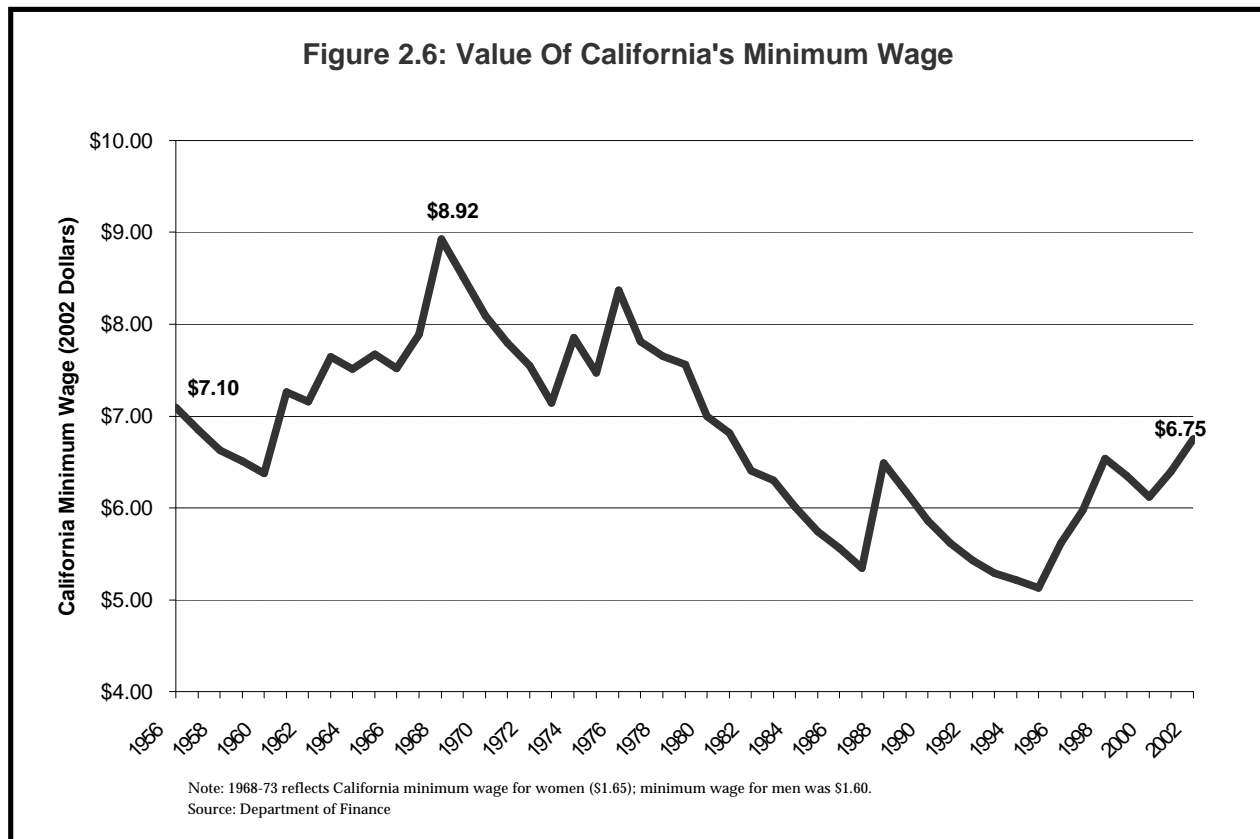
	<u>Change</u>					
	<u>1979-81</u>	<u>1988-90</u>	<u>1998-00</u>	<u>Late 1970s To Late 1980s</u>	<u>Late 1980s To Late 1990s</u>	<u>Late 1970s To Late 1990s</u>
California	1,679	1,740	1,983	60	243	304
US	1,640	1,719	2,007	79	288	367

Source: Economic Policy Institute analysis of Current Population Survey data

THE MINIMUM WAGE

A decline in the purchasing power of the minimum wage contributed to the erosion of the purchasing power of low-wage workers during the first half of the 1990s. More recently, however, California's minimum wage has been increased several times and has contributed to the gains made by the state's lowest paid workers. At \$6.75 per hour in 2002, California's minimum wage exceeds the \$5.15 federal minimum wage and is higher than that of every state other than Massachusetts, which also sets its minimum wage at \$6.75 per hour, and Washington, which has a \$6.90 per hour minimum wage that is also indexed for inflation.⁵⁵

While California's minimum wage is higher than the federal minimum wage, its purchasing power is far less than it was throughout the 1960s and 1970s (Figure 2.6). The value of California's minimum wage has fallen by 24.3 percent since its peak in 1968. Most of the erosion occurred during the 1980s and early 1990s, when neither Congress nor the state increased the minimum wage. However, a series of state and federal increases have helped restore a portion of the minimum wage's purchasing power since 1996. Nevertheless, a full-time worker earning California's minimum wage earns about one-third of what the CBP estimates is needed to support a family of three.⁵⁶



CALIFORNIA'S LOW-WAGE WORKERS

Over 1.5 million Californians worked at or near the minimum wage in 2001, and, contrary to popular perception, the overwhelming majority of California's lowest-wage workers are adults and the majority work full-time.⁵⁷ Eight out of ten Californians (79.9 percent) who earned at or near the minimum wage (between \$6.25 and \$7.25 per hour) in 2001 were adults (Table 2.16). Well over half (55.7 percent) worked full-time (at least 35 hours per week), with most of the remainder working between 20 and 34 hours per week. Over half (55.4 percent) were women and over half (52.7 percent) were Latino. The retail trade sector employed 40.4 percent of the workers at or near the minimum wage, while 29.2 percent worked in the service sector and 11.4 percent worked in the manufacturing sector.

Table 2.16: Who Are California's Low-Wage Workers?
Characteristics Of Workers With 2001 Hourly Wages Between \$6.25 And \$7.25

Age	All	Men	Women	White	Latino	Black And Asian
16 To 19 Years Old	20.1%	18.7%	21.3%	27.3%	16.2%	17.8%
20 To 24 Years Old	22.4%	24.7%	20.5%	28.9%	19.1%	18.8%
25 And Older	57.5%	56.6%	58.2%	43.8%	64.7%	63.4%
Total	100%	100%	100%	100%	100%	100%
Education	All	Men	Women	White	Latino	Black And Asian
Less Than High School	44.3%	51.0%	38.8%	22.8%	63.9%	21.7%
High School	26.2%	24.0%	28.0%	29.0%	21.2%	38.9%
Some College And Above	29.5%	25.0%	33.2%	48.2%	15.0%	39.5%
Total	100%	100%	100%	100%	100%	100%
Race/Ethnicity	All	Men	Women			
White	33.6%	28.3%	37.8%			
Latino	52.7%	59.6%	47.1%			
Black And Asian	13.8%	12.2%	15.0%			
Total	100%	100%	100%			
Sex						
Men	44.6%					
Women	55.4%					
Total	100%					
Hours Of Work						
Full-Time (35+ Hours)	55.7%					
Part-Time						
20-34 Hours	32.1%					
1-19 Hours	12.1%					
Total	100%					
Sector						
Agriculture, Forestry, And Fisheries	7.5%					
Manufacturing	11.4%					
Retail Trade	40.4%					
Services	29.2%					
Other	11.4%					
Total	100%					

Note: May not sum to 100 percent due to rounding.

Source: CBP analysis of Current Population Survey data for workers ages 16 to 64. California's minimum wage was \$6.25 per hour in 2001.

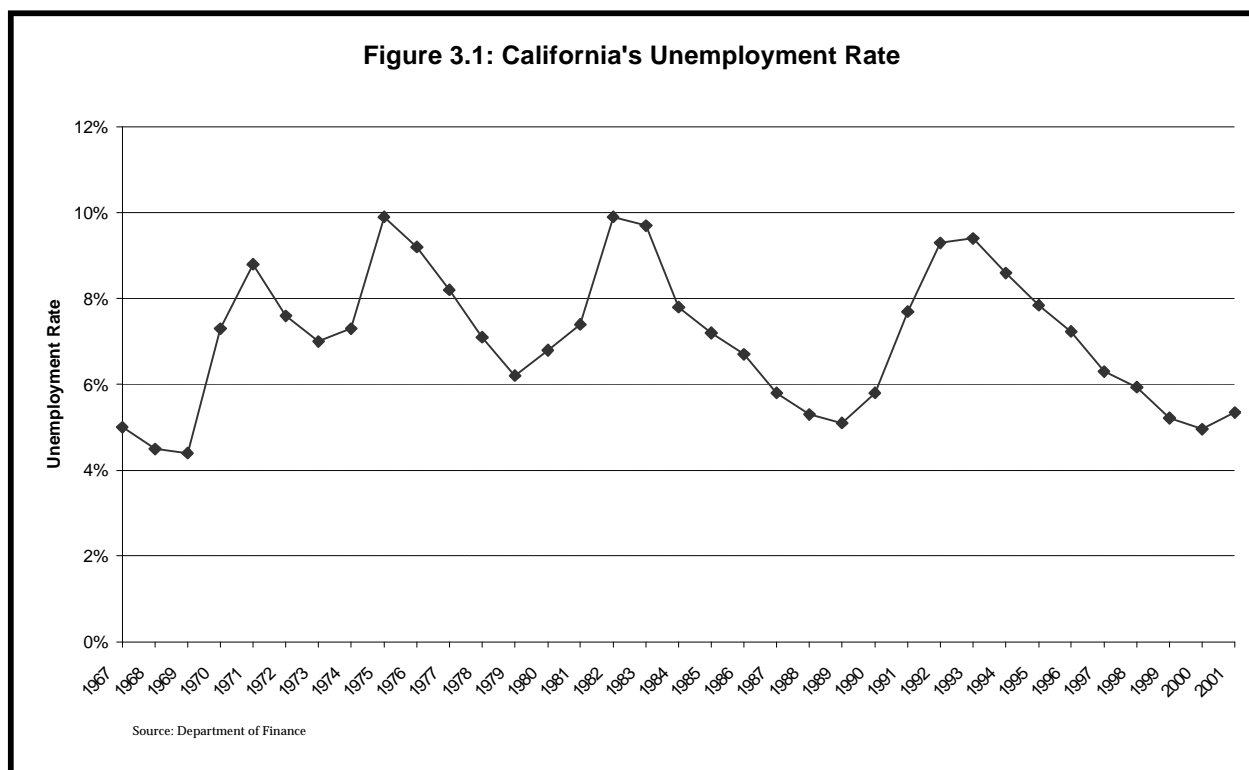
CHAPTER 3: EMPLOYMENT

California experienced unprecedented job growth from the late 1990s through 2000. This extraordinary growth tightened labor markets and sent unemployment rates to their lowest levels in decades. The economic boom had two principal benefits for workers: jobs were plentiful, and, as employers began to deplete the available labor force, wages and benefits rose. By the end of the decade, tight labor markets, coupled with increases in the state's minimum wage, translated into wage gains and improved benefits for many of the state's workers, as discussed in Chapter 2.

However, the economic boom ended in 2001. Driven by falling employment in the high technology sector, the unemployment rate began to increase in March 2001. By loosening the tight labor markets that helped to increase wages and benefits at the end of the decade, the recession threatens to erode the value of the wages earned by California workers and diminish the share of Californians that have job-based health coverage.

RECORD ECONOMIC GROWTH IN LATE 1990s

From the mid-1990s through 2000, the nation enjoyed the longest economic expansion on record, in large part due to very strong economic growth in California. After a dramatic rise in California's unemployment rate during the recession of the early 1990s, increasing from 5.1 percent in 1989 to 9.4 percent in 1993, the state's unemployment rate fell for seven years in a row beginning in 1994 (Figure 3.1). The annual unemployment rate fell to 5.0 percent in 2000, its lowest level since 1969. The monthly unemployment rate dropped to 4.7 percent in December 2000.



Strong job growth was the driving force behind falling unemployment rates. The economy created an average of 108,000 additional jobs per year over and above the increase in the state's labor force between 1993 and 2000. Annual job growth averaged 356,000 over the same period, while the labor force grew by an average of 247,000. Half a million jobs were added between 1999 and 2000 alone.

However, job growth was uneven across sectors of the economy. The total number of jobs in the state increased by 19.6 percent between 1989 and 2001, and by 46.9 percent between 1983 and 2001 (Table 3.1).⁵⁸ The fastest growing sector was the service sector, where employment grew more than twice as fast as the economy as a whole, increasing 100.8 percent between 1983 and 2001. In contrast, durable goods manufacturing employment declined by 8.6 percent and finance, insurance, and real estate employment grew more slowly than total employment. Consequently, California's economy has become much more driven by the relatively low paying service sector; the share of jobs in the service sector has increased from 22.7 percent in 1983 to 31.1 percent in 2001. This trend, coupled with slow and/or negative growth in higher paying sectors such as durable goods manufacturing and finance, insurance, and real estate, has depressed the average annual pay of California workers.

Table 3.1: Employment By Sector

	<u>Annual Average</u>				<u>Percent Change</u>		<u>Average Annual Pay, 2000</u>
	<u>1983</u>	<u>1989</u>	<u>2000</u>	<u>2001</u>	<u>1989-2001</u>	<u>1983-2001</u>	
Labor Force	12,281,200	14,517,400	17,090,800	17,362,300	19.6%	41.4%	
Employment	11,094,600	13,780,000	16,245,600	16,435,200	19.3%	48.1%	
Unemployment	1,186,600	737,400	845,200	927,100	25.7%	-21.9%	
Unemployment Rate	9.7%	5.1%	4.9%	5.3%			
Total, All Industries	10,265,200	12,610,000	14,896,600	15,084,600	19.6%	46.9%	\$41,182
Total Nonfarm	9,917,800	12,238,500	14,488,100	14,696,600	20.1%	48.2%	\$42,137
Construction	414,600	597,300	750,400	791,500	32.5%	90.9%	\$41,143
Manufacturing	1,927,000	2,107,000	1,947,800	1,904,400	-9.6%	-1.2%	\$57,695
Durable Goods	1,312,100	1,405,900	1,222,600	1,199,400	-14.7%	-8.6%	\$68,017
Nondurable Goods	614,800	701,100	725,200	705,000	0.6%	14.7%	\$40,182
Transportation And Public Utilities	531,900	598,200	743,600	750,400	25.4%	41.1%	\$47,278
Trade	2,331,800	2,952,100	3,295,600	3,335,500	13.0%	43.0%	\$28,681
Wholesale Trade	600,700	758,200	818,200	811,400	7.0%	35.1%	\$48,935
Retail Trade	1,731,100	2,193,900	2,477,400	2,524,200	15.1%	45.8%	\$21,915
Finance, Insurance, And Real Estate	653,800	789,000	819,900	843,500	6.9%	29.0%	\$60,163
Services	2,334,400	3,196,200	4,612,900	4,688,400	46.7%	100.8%	\$41,372
Government	1,724,300	1,998,700	2,318,100	2,383,000	19.2%	38.2%	\$41,260

Note: Labor force, employment, and unemployment estimates are not directly comparable to industry estimates. Labor force, employment, and unemployment estimates reflect the status of individuals by place of residence and are based on the Current Population Survey. Industry employment data reflect jobs by place of work and are employer data collected in the Current Employment Survey. Construction jobs include those in the mining industry, which represent 3.0 percent of construction jobs.

Source: Employment Development Department

The service sector includes a variety of industries, including hotels and lodging, personal services, health services, and business services. Business services, which include both high paid computer services jobs and relatively low paid temporary agency jobs, propelled the growth in services over the past decade. Employment in business services nearly doubled, adding 622,600 jobs (90.7 percent) between 1989 and 2001, including a doubling of computer services jobs between 1996 and 2001.⁵⁹

On the other hand, manufacturing jobs declined by 9.6 percent between 1989 and 2001. Job loss was concentrated in durable goods manufacturing, which has an average annual pay of \$68,017, 65.2 percent higher than the average of \$41,182 for all jobs in the state. The number of jobs in durable goods manufacturing declined by 14.7 between 1989 and 2001. This decline is due in part to the decrease in aerospace employment in the early 1990s. The number of jobs in nondurable goods manufacturing grew slightly between 1989 and 2001. While durable goods manufacturing jobs pay significantly higher than the state average, nondurable goods manufacturing jobs pay slightly less than the state average.

The public sector gained jobs at approximately the same rate as the state average. However, the broader trend reflects a loss of federal government jobs and an increase in state and local government jobs. The number of federal government jobs decreased by 28.7 percent between 1989 and 2001, while the number of state government jobs increased by 25.4 percent and the number of jobs in local governments increased by 30.9 percent. The decline in the number of jobs at the federal level is primarily due to the loss of Department of Defense jobs, which declined 57.7 percent between 1989 and 2001. On the other hand, over half of the additional local government jobs between 1989 and 2001 were education jobs, which grew by 37.4 percent over the period.

THE ECONOMIC DOWNTURN OF 2001 AND 2002

The strong job growth of the late 1990s ended in 2001. The national recession officially began in March 2001; the monthly unemployment rate in California also began to rise in March, after three consecutive months at 4.7 percent.⁶⁰ The state's unemployment rate continued to rise through 2001 and remained above 6 percent in the first nine months of 2002. Over 250,000 more Californians were unemployed in September 2002 than in September 2000. This slowdown threatens to partly reverse recent wage gains; nationally, wages experienced the slowest growth rate since 1995 during the second quarter of 2002.⁶¹

Job loss related to the economic downturn has been concentrated in the manufacturing, transportation and public utilities, and services industries. The downturn has disproportionately affected industries associated with the high technology boom. In contrast, the trade; finance, insurance, and real estate; and public sectors continued to add jobs since January 2001 (Table 3.2).

Employment in electronic equipment manufacturing, a key component of the high technology sector, fell by 45,700 (15.9 percent) between January 2001 and August 2002. This accounted for over a quarter of the total manufacturing job loss. Employment in business services, also closely linked to the high technology sector, dropped by 109,800 (8.1 percent) over the same period.⁶² Job loss in business services more than accounts for the 0.9 percent decline in service jobs. Other service industries have grown over the last year, such as health services, which added 40,600 jobs between January 2001 and August 2002.

While the events of September 11, 2001 did not cause the state's economic downturn, they compounded it by hurting the tourism and travel industries. One part of the tourism industry, the hotel and lodging industry, lost 7,300 jobs between January 2001 and August 2002, including 5,500 between September 2001 and August 2002. The transportation and public utilities sector lost 38,100 jobs between January 2001 and August 2002. This drop was driven, in part, by an 11.3 percent decline in the number of jobs in the air transportation industry. The economic recession and the terrorist attacks of September 2001 have increased security costs and reduced the number of passengers, thus decreasing airlines' profitability.

Table 3.2: Change In Employment From January 2001 To August 2002

Industry	Absolute Change	Percent Change
Total Nonfarm	-67,500	-0.5%
Mining	-600	-2.5%
Construction	-600	-0.1%
Manufacturing	-161,900	-8.2%
Durable Goods	-125,900	-10.1%
Electronic Equipment	-45,700	-15.9%
Nondurable Goods	-36,000	-5.0%
Transportation And Public Utilities	-38,100	-5.0%
Trade	38,800	1.2%
Wholesale Trade	-1,800	-0.2%
Retail Trade	40,600	1.6%
Finance, Insurance, And Real Estate	13,400	1.6%
Services	-43,200	-0.9%
Business Services	-109,800	-8.1%
Government	124,700	5.3%

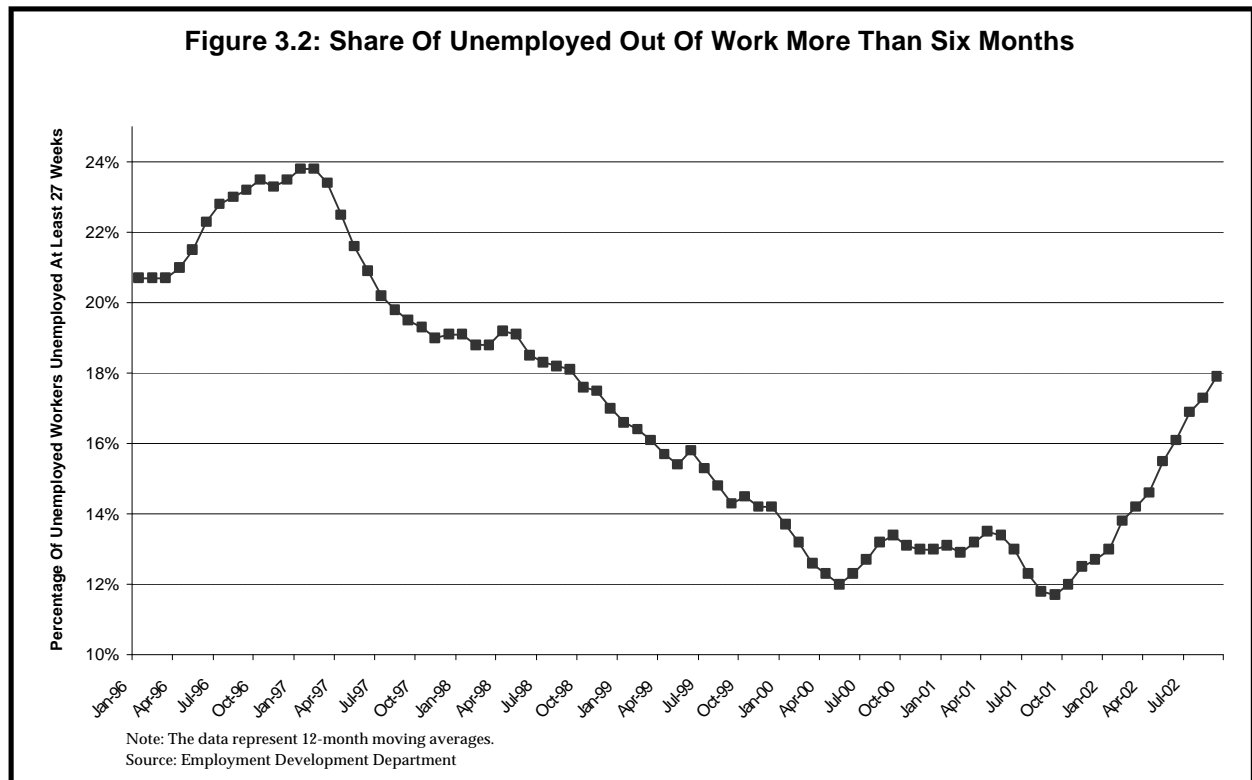
Source: Employment Development Department

Continuing weakness in the economy increases the time it takes unemployed workers to find a job. The share of California's jobless who have been unemployed for more than six months has risen every month since September 2001. In September 2002, nearly one out of five unemployed workers (17.9 percent) had been unemployed for 27 weeks or more (Figure 3.2). On the other hand, the share that have been unemployed for less than five weeks declined from 45.3 percent in July 2001 to 36.5 percent in September 2002. Longer periods of joblessness worsen the financial hardships of the unemployed and put families at increased risk of long-term financial difficulties.

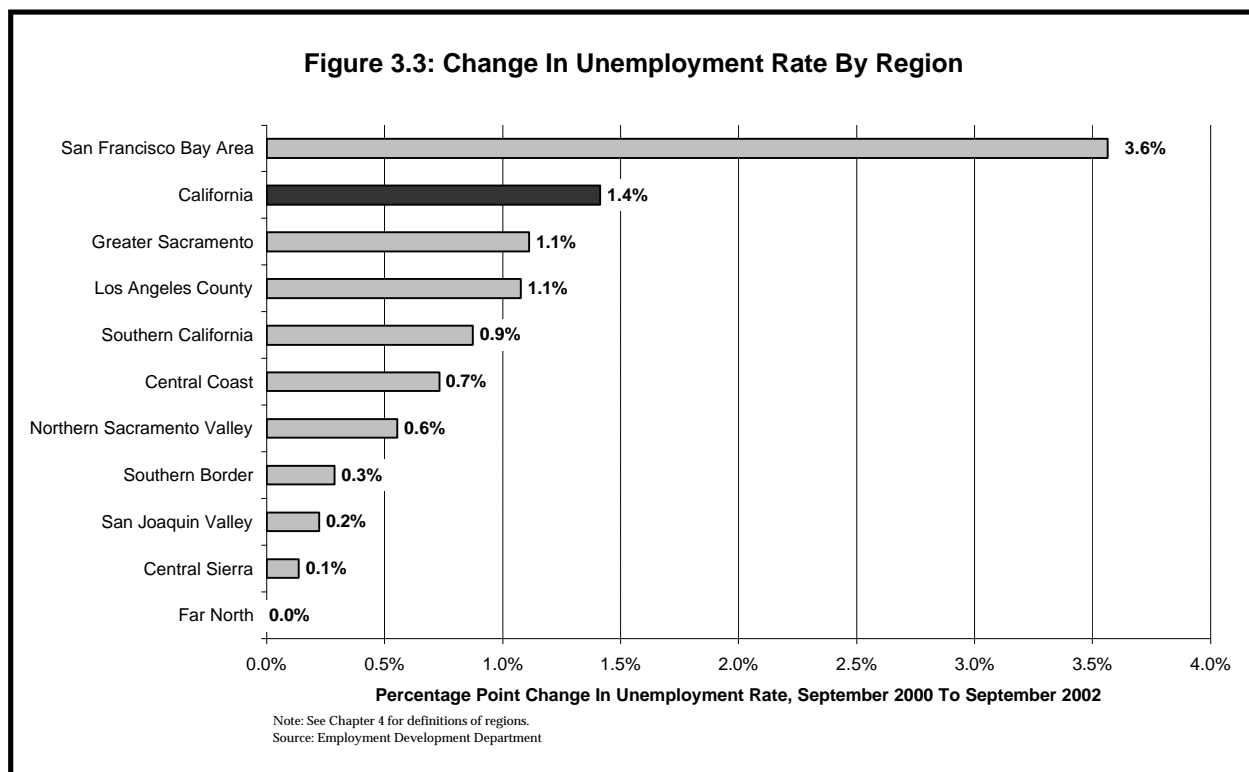
REGIONAL IMPACT OF THE ECONOMIC DOWNTURN

As noted above, the high technology sector that was the propeller of growth in the 1990s is taking the brunt of economic downturn, leading analysts to claim that the "high tech bubble" has burst. Because of the concentrated nature of the downturn, not all regions of California have suffered equally. While the unemployment rate in the San Francisco Bay Area has doubled over the past two years, the increase has been much smaller in other parts of the state.

The unemployment rate of the Bay Area increased by 3.6 percentage points between September 2000 and September 2002, nearly three times the increase in the statewide rate (Figure 3.3). The unemployment rate in Santa Clara County, home to Silicon Valley, more than quadrupled, from 1.8 percent in September 2000 to 7.7 percent in September 2002. Unemployment rates in other Bay Area counties, including Alameda, Marin, San Francisco, and San Mateo Counties, doubled over the same period.



In contrast, the unemployment rates in Los Angeles County and the greater Sacramento area have increased by approximately one percentage point. In Los Angeles County, the unem-



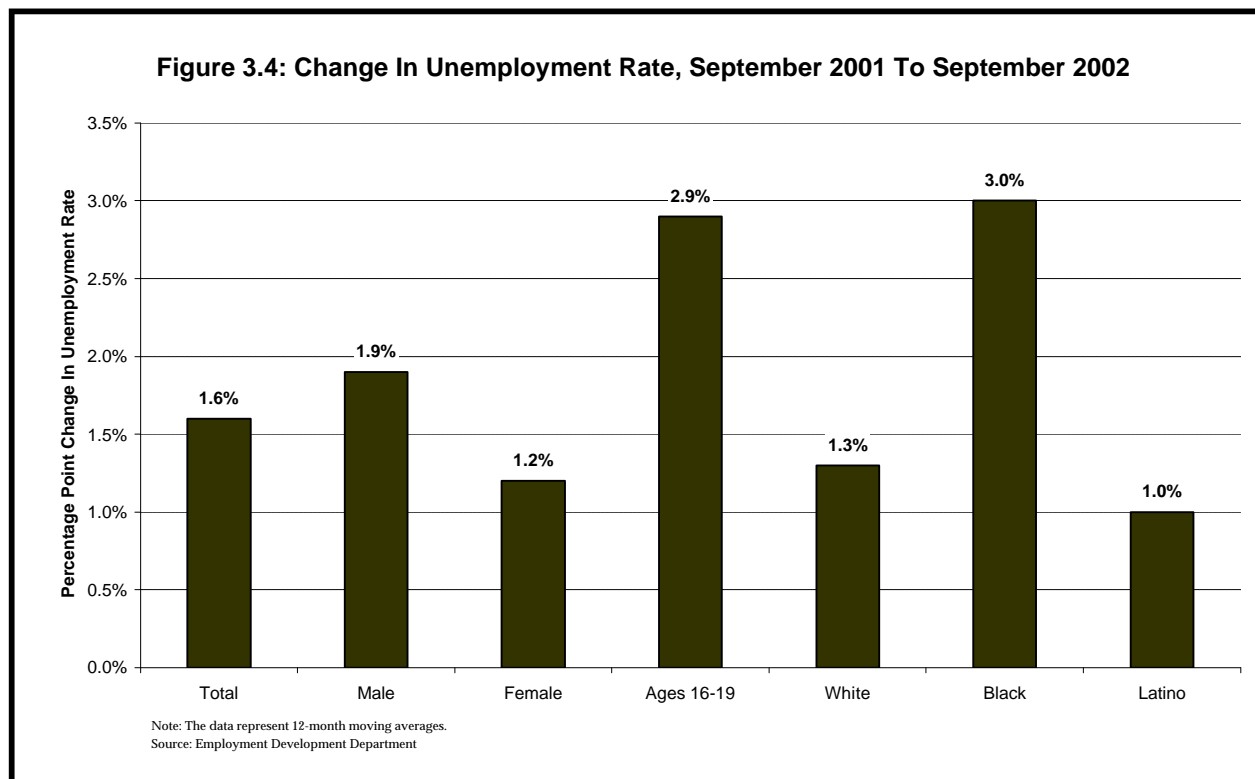
ployment rate increased to 6.5 percent in September 2002 from 5.5 percent two years before. The unemployment rate in the Sacramento area, which includes El Dorado, Placer, Nevada, Sacramento, and Yolo Counties, increased from 3.8 to 4.9 percent over the same period.

Other regions of the state, especially the far north and southern border counties, the Central Sierra, and the San Joaquin Valley, experienced only modest increases in unemployment rates. Counties in these regions have to date been largely insulated from the effects of the economic downturn and, specifically, the weakening of the high technology sector. However, the San Joaquin Valley, which has historically had higher unemployment rates than the state as a whole, had an unemployment rate of 9.8 percent in September 2002, an increase of only 0.2 percent from two years before.

UNEMPLOYMENT RATE BY AGE, RACE, AND GENDER

Just as the economic downturn has had differing impacts across the state, it has also had a varying impact across demographic groups. Youths aged 16 to 19 and black Californians have experienced an increase in their unemployment rates nearly twice that for the workforce as a whole. The youth unemployment rate increased from an already high 15.3 percent in September 2001 to 18.2 percent in September 2002 (Figure 3.4). Likewise, the unemployment rate for black Californians increased from 8.0 to 11.0 percent over the same period. The unemployment rate for whites and Latinos increased less than the state rate.

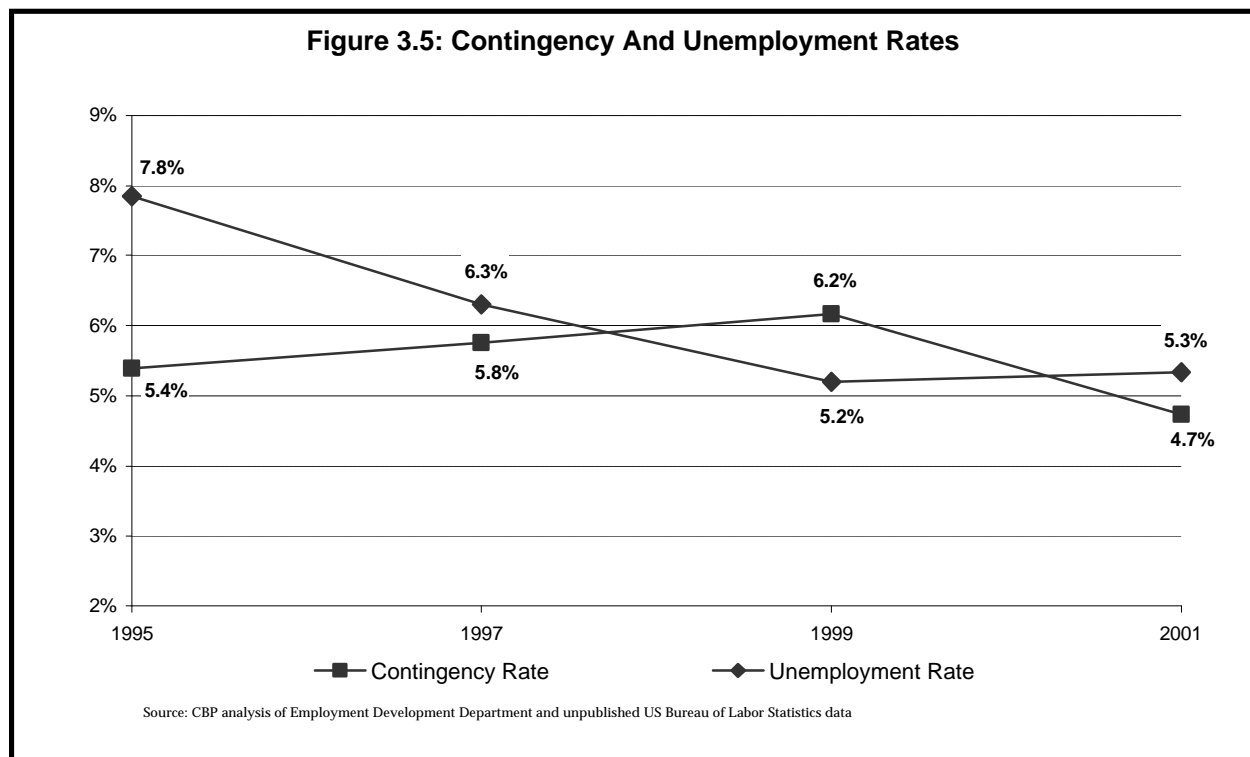
Similarly, the impact of rising unemployment has varied by gender, with the male unemployment rate increasing by more than the female unemployment rate. The share of unemployed males increased from 4.8 percent in September 2001 to 6.7 percent in September 2002. In contrast, the female unemployment rate was higher than the male rate in September 2001 (5.1 percent), but lower than the male rate by September 2002 (6.3 percent).



RISE OF THE CONTINGENT WORKFORCE

The growing usage of “contingent” workers in California may have prevented wages and benefits from rising even more in the late 1990s. “Contingent” workers hold jobs that are temporary or not expected to continue, and they include temporary help agency workers, contract workers, and on-call workers.⁶³ These arrangements are often associated with poorer quality jobs, including lower wage and benefit levels, as well as a lack of security and upward mobility. Moreover, most in the contingency workforce are not there by choice. A majority of US contingent workers (52.1 percent) would prefer to have a permanent position.⁶⁴

Despite declining unemployment rates between 1995 and 1999, the share of workers in contingent jobs increased over the same period (Figure 3.5). However, the contingency rate declined sharply in 2001, from 6.2 to 4.7 percent. Still, 773,000 persons in California were contingent workers in 2001.⁶⁵



California’s contingency rates track the number of workers in the personnel supply (temporary help) industry. Employment in the personnel supply industry nearly doubled between 1995 and 2000. However, the industry lost 35,600 jobs (7.2 percent) between 2000 and 2001. The upward trend in the personnel supply industry was somewhat offset by a decline in the number and share of California workers who work part-time for economic reasons. The number of workers employed part-time for economic reasons dropped from 799,000 in 1994 to 617,000 in 1998, a drop from 5.7 percent to 4.0 percent of the California workforce.

National data indicate that contingent workers earn less than their counterparts in traditional work arrangements.⁶⁶ The median weekly earnings of full-time contingent workers were just 76.6 percent of earnings for noncontingent workers in 1999, the latest year for which data are available.⁶⁷ Median earnings were lower for contingent workers across age, race, industry, and occupational groups, with the exception of construction workers.⁶⁸ In California, the personnel supply industry, which includes temporary agencies, paid an average of \$23,638 in 2000, as compared to \$41,182 for workers in all industries.⁶⁹

Moreover, in 2001, 20.4 percent of contingent workers nationally received employer-provided health insurance coverage, as compared to 55.0 percent of noncontingent workers. In addition, only one in six contingent workers (16.0 percent) nationally were covered by their employer's pension plan as compared to nearly half (47.0 percent) of noncontingent workers.⁷⁰

DECLINE IN LABOR UNION MEMBERSHIP

Labor unions have historically helped to improve and maintain the wages and benefits of workers. However, the percentage of the California workforce represented by unions has declined over the past two decades, similar to the pattern for the nation as a whole. In 1984, unions represented one out of every five California workers (20.7 percent). By 2001, this figure dropped to one out of six (16.4 percent). The national rate of union representation dropped from 18.2 percent to 13.5 percent over the same period (Table 3.3).

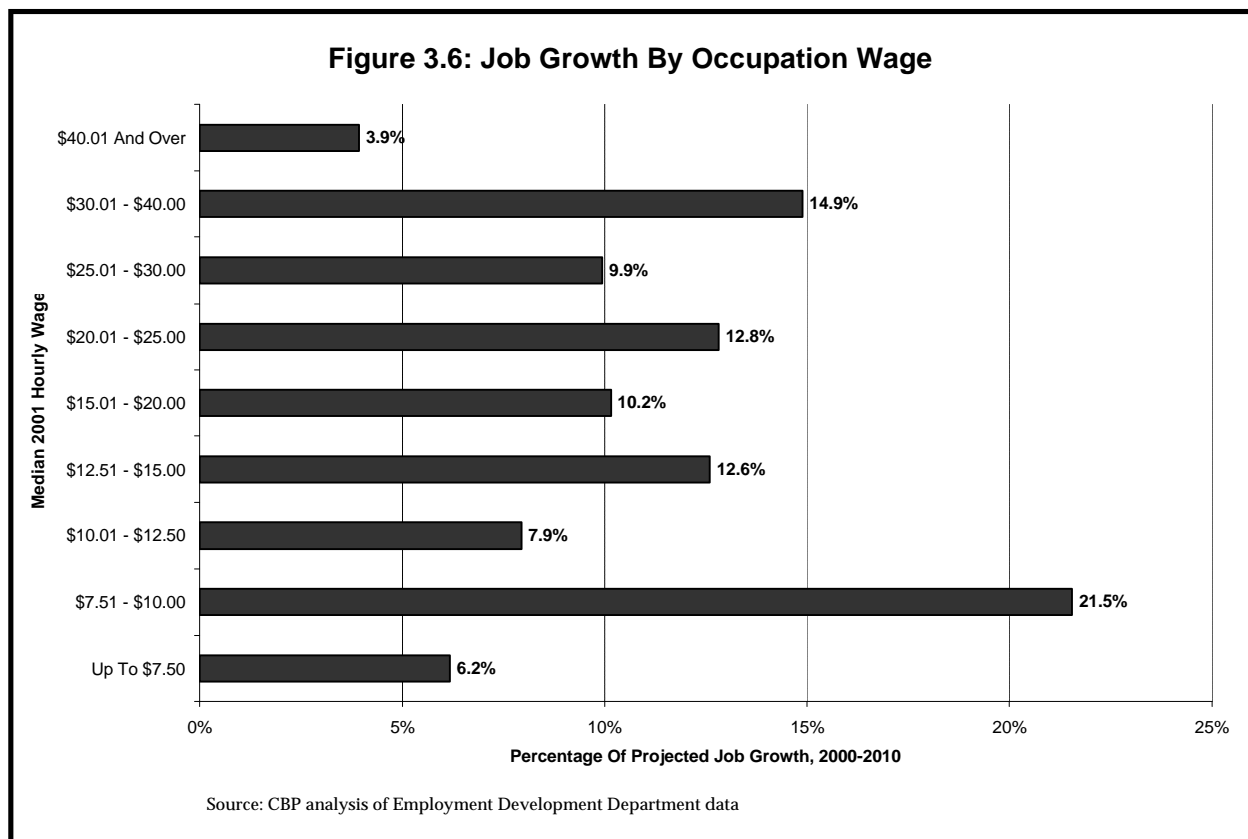
					<u>Percentage Point Change</u>		
	<u>1984</u>	<u>1989</u>	<u>1995</u>	<u>2001</u>	<u>1984-89</u>	<u>1995-01</u>	<u>1984-01</u>
US	18.2%	16.4%	14.9%	13.5%	-1.8	-1.4	-4.7
California	20.7%	18.9%	17.7%	16.4%	-1.7	-1.3	-4.3
Florida	8.9%	7.2%	7.3%	6.5%	-1.7	-0.8	-2.4
Georgia	9.9%	8.9%	6.8%	7.2%	-1.0	0.4	-2.7
Illinois	21.7%	20.8%	20.2%	18.3%	-0.9	-1.9	-3.4
Michigan	28.3%	26.0%	23.7%	21.8%	-2.3	-1.9	-6.5
New Jersey	24.0%	23.1%	21.9%	19.6%	-0.8	-2.3	-4.4
New York	31.0%	27.9%	27.7%	26.7%	-3.1	-1.0	-4.3
North Carolina	7.2%	5.5%	4.2%	3.7%	-1.6	-0.5	-3.5
Ohio	23.0%	21.3%	18.5%	17.7%	-1.8	-0.8	-5.3
Pennsylvania	24.4%	20.9%	18.9%	17.0%	-3.5	-1.9	-7.4
Texas	7.5%	6.9%	6.5%	5.6%	-0.7	-0.9	-1.9

Source: Economic Policy Institute analysis of US Bureau of Labor Statistics data

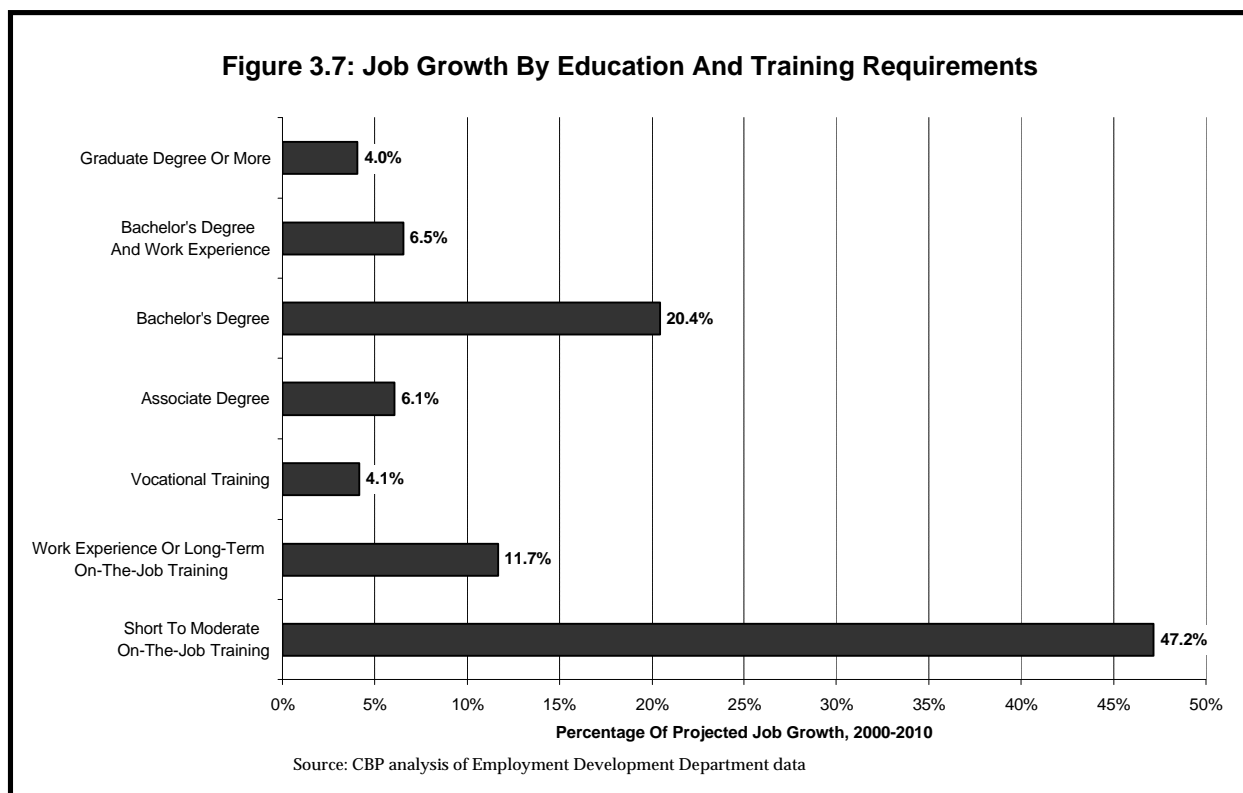
While wages for union workers are typically higher than for non-union workers, the gap between union and non-union wages has declined somewhat since 1989. This is because the hourly wage for the typical union worker increased 3.5 percent between 1989 and 2001, after adjusting for inflation, while the hourly wage for the typical non-union worker increased by 5.2 percent.⁷¹ The drop in the share of the workforce represented by unions can partly explain this finding: as the share of workers represented by unions has declined, so has their ability to negotiate higher wages. The declining union/non-union wage gap also reflects broader trends in the economy, such as the decline in relatively high-paid aerospace employment during the early 1990s and an increase in the predominately non-union technology-related industries later in the decade.

THE FUTURE OF WORK IN CALIFORNIA

Occupational growth projections suggest that wage growth may be modest over the next decade. Nearly half (48.3 percent) of the job growth forecasters predict will be created between 2000 and 2010 is projected to occur in occupations with a median hourly wage of \$15 or less (Figure 3.6).⁷² This translates to no more than \$31,200 per year for full-time, year-round work. Over a quarter (27.7 percent) of the projected growth is in jobs with a typical wage of \$10 per hour or less, equivalent to no more than \$20,800 per year for a full-time, full-year worker.



The relatively low pay of so many of the projected new jobs reflects the fact that growth is expected to be concentrated in jobs which require relatively minimal education and experience (Figure 3.7). Nearly half (47.2 percent) of the projected job growth between 2000 and 2010 is in occupations that require no more than short to moderate on-the-job training (up to a year of combined on-the-job experience and informal training). In contrast, less than a third (31.0 percent) of the new jobs will require at least a bachelor's degree.



The ten occupations with the largest number of new jobs illustrate the low pay of many of the projected new jobs. The two occupations estimated to have the most growth are retail salespersons and food preparation and servers (Table 3.4). Both require only minimal training and pay the typical worker less than \$10 per hour. Seven of the top ten growing occupations pay less than \$15 per hour. The occupation with the third greatest growth, software application engineers, is the only one in the top ten that requires a bachelor's degree; two require associate degrees. Six require short training, and one requires moderate training.

Table 3.4: Ten Occupations With Greatest Growth, 2000-2010

<u>Occupation</u>	<u>Number Of New Jobs 2000-2010</u>	<u>Median Hourly Wage, 2001</u>	<u>Education Or Training Required</u>
Retail Salespersons	98,600	\$8.52	Short-Term On-The-Job Training
Food Preparation And Servers	90,300	\$6.74	Short-Term On-The-Job Training
Computer Software Application Engineers	80,200	\$38.58	Bachelor's Degree
Cashiers	76,000	\$7.86	Short-Term On-The-Job Training
Computer Support Specialists	74,800	\$21.02	Associate Degree
Customer Service Representatives	63,100	\$13.70	Moderate On-The-Job-Training
General Office Clerks	58,800	\$11.79	Short-Term On-The-Job Training
Registered Nurses	58,000	\$27.31	Associate Degree
Waiters And Waitresses	55,800	\$6.47	Short-Term On-The-Job Training
Security Guards	55,300	\$8.48	Short-Term On-The-Job Training

Source: Employment Development Department

CHAPTER 4: REGIONS

The first three chapters of this report describe income, wage, and employment trends, primarily for the state as a whole. However, a single statewide portrait does not adequately characterize the experiences of the workers in the state's diverse regions. In order to provide a more comprehensive picture of the economic well-being of workers and their families throughout the state, this chapter summarizes wage and income trends for ten regions. In addition, Appendices 1 through 5 provide key county-level data.

Tremendous diversity exists both within and across regions of the state. California's counties contain some of the nation's most productive agricultural regions, as well as densely populated urban centers. Because of the differences, each region has distinct economic patterns. For example, the recession of the early 1990s had a disproportionate impact on Los Angeles County, where over 200,000 manufacturing jobs were lost. The current economic downturn, however, has disproportionately affected the San Francisco Bay Area, home to the state's high tech sector. The San Joaquin Valley, where unemployment rates have historically been higher than in the state as a whole, has suffered less from the current downturn. However, the poverty rate increased in the San Joaquin Valley between 1989 and 1999.

Despite differences among the regions, a few trends are common to most regions of the state. First, employment growth was strong in most counties. The number of jobs grew faster between 1989 and 2001 than population growth in every region except Los Angeles County, where the number of jobs fell slightly. Second, expansion of the service sector accounts for a substantial portion of employment growth in many regions. Finally, each region has a high degree of income inequality among its taxpayers.

Region 1: Far North

Del Norte, Humboldt, Lake, Lassen, Mendocino, Modoc, Plumas, Sierra, Siskiyou, And Trinity Counties

Regional Profile

The Far North region includes ten predominately rural northern counties and accounts for 1.2 percent of the state's population (Table 4.1a). Between 1990 and 2000, the region's population grew by 8.5 percent, as compared to the state's population growth of 13.8 percent. In 2000, more of the region's residents aged 25 years and older had a high school degree (81.4 percent), but far fewer had a college degree (17.7 percent) than Californians as a whole (76.8 and 26.6 percent, respectively).

Table 4.1a: Regional Profile

Population

Population, 2001	429,200
Share Of State Population, 2001	1.2%
Percent Population Change, 1990-2000	8.5%

Education

Percentage Of Population 25 Years And Older Who Are High School Graduates, 2000	81.4%
Percentage Of Population 25 Years And Older Who Are College Graduates, 2000	17.7%

Health Insurance Coverage

Percentage Of Persons Under 65 Years Of Age Without Health Insurance, 2001	15.0%
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Economic Well-Being	<u>1989</u>		<u>1999</u>	
	<u>Number</u>	<u>Percentage</u>	<u>Number</u>	<u>Percentage</u>
Per Capita Income (1999 Dollars)	\$15,794		\$17,391	
High-Income Families	6,288	6.1%	8,591	8.0%
Persons In Poverty	57,788	15.4%	71,420	17.7%
Children In Poverty	21,750	22.0%	22,846	23.3%
Renter Households That Spend At Least 30 Percent Of Income On Housing	21,983	47.1%	25,274	48.3%

Notes: High-income families are defined as those with family incomes higher than \$75,000 in 1989 (1989 dollars) or higher than \$100,000 in 1999 (1999 dollars). These two income levels are comparable after adjusting for inflation. Health insurance coverage figure is for 25 northern and Sierra counties. Source: US Census Bureau and UCLA Center for Health Policy Research

Employment And Jobs

Employment in the Far North region grew strongly in the late 1990s. The total number of employed persons in the region was 170,940 in 2001, 14.2 percent higher than in 1989 (Table 4.1b). The number of employed persons increased to 177,900 in August 2002. The unemployment rate in 2001 was 7.2 percent, nearly 2 percentage points higher than the state rate of 5.3 percent. In comparison, the unemployment rate in the region in 1989, the height of the previous economic expansion, was 9.0 percent. The unemployment rate in August 2002 was 5.8 percent.

Table 4.1b: Employment Trends By Sector						
	Annual Average				Absolute Change 1989-2001	Percent Change 1989-2001
	1989	2000	2001	August 2002		
Labor Force	164,570	184,960	184,100	188,770	19,530	11.9%
Employment	149,700	171,280	170,940	177,900	21,240	14.2%
Unemployment	14,890	13,680	13,200	10,870	-1,690	-11.3%
Unemployment Rate	9.0%	7.4%	7.2%	5.8%	-1.9%	
Total, All Industries	124,480	142,820	143,770	148,580	19,290	15.5%
Total Nonfarm	118,960	136,090	136,960	139,380	18,000	15.1%
Construction	5,380	5,250	5,760	6,250	380	7.1%
Manufacturing	17,430	15,040	13,850	13,140	-3,580	-20.5%
Transportation And Public Utilities	6,140	5,380	5,460	5,600	-680	-11.1%
Trade	28,680	32,060	32,450	33,930	3,770	13.1%
Finance, Insurance, And Real Estate	3,890	4,910	4,800	4,960	910	23.4%
Services	23,980	31,970	32,190	34,040	8,210	34.2%
Government	33,380	41,120	42,430	41,280	9,050	27.1%

Note: August 2002 data are not seasonally adjusted. Labor force, employment, and unemployment estimates are not directly comparable to industry estimates. Labor force, employment, and unemployment estimates reflect the status of civilians by place of residence and are based on the Current Population Survey. Industry employment data reflect jobs by place of work and are employer data collected in the Current Employment Survey. For more information on survey methodologies, see <http://www.calmis.ca.gov/file/resource/indlcomp.htm>. Construction jobs include those in the mining industry, which represent 3.0 percent of construction jobs in the state as a whole. Data for certain sectors exclude Sierra County.

Source: Employment Development Department

The total number of jobs grew by 19,290 (15.5 percent) between 1989 and 2001, representing somewhat weaker growth than the statewide increase of 19.6 percent.⁷³ The public sector accounted for nearly half of all job growth in the region, growing by 9,050 jobs (27.1 percent). The number of jobs in the service sector grew by 8,210 (34.2 percent). In contrast, the manufacturing sector lost 3,580 jobs (20.5 percent). On a statewide basis, manufacturing jobs paid 40 percent more than the average California job in 2000, while service sector jobs paid approximately the same as the average job in the state.

Income Trends

By a number of measures, income increased in the 1990s in the region. Per capita income, or total income divided by the total number of persons, was \$17,391 in 1999, an increase of 10.1 percent between 1989 and 1999 after adjusting for inflation (Table 4.1a). The number of high-income families grew from 6,288 (6.1 percent of all families) in 1989 to 8,591 (8.0 percent of all families) in 1999.⁷⁴

Median family income increased by more than one percent between 1989 and 1999 in nine of the ten counties in the region after adjusting for inflation, including an 18.6 percent rise in Plumas County (Appendix 1).⁷⁵ However, every county had a lower median family income in 1999 than the state as a whole (\$53,025), ranging from \$34,343 in Trinity County to \$46,119 in Plumas County. Black- and Latino-headed families in the region generally had substantially lower median incomes in 1999 than white- and Asian-headed families.

Indicators Of Hardship

Despite upward income trends for families at the middle and top of the income spectrum, many families did not benefit from the strong economic growth of the late 1990s. The poverty rate increased for the Far North region, from 15.4 percent in 1989 to 17.7 percent in 1999 (Table 4.1a). The percentage of children living under the federal poverty level increased from 22.0 percent in 1989 to 23.3 percent in 1999. In addition, nearly half of all renters (48.3 percent) spent at least 30 percent of their income on rent during 1999, as compared to 47.1 percent in 1989. Nearly one in six non-elderly residents of the region (15.0 percent) lacked health insurance coverage in 2001.⁷⁶

Many families with incomes well above the poverty level, including those with incomes up to the median, may struggle to make ends meet. The California Budget Project (CBP) estimated how much families need to earn in order to achieve a modest standard of living without government assistance. According to CBP estimates, a family of three with one working parent and two young children in the Far North region would need to earn \$34,043 per year. A family of four with two working parents would need to earn \$42,839.⁷⁷ These figures are similar to county median family incomes in the region, which ranged from \$34,343 to \$46,119. This indicates that many families with incomes at or near the median may struggle to meet their economic needs.

Income Inequality

State income tax return data disclose a high degree of income inequality in the region (Table 4.1c).⁷⁸ Fewer than one in every 25 taxpayers (3.9 percent) had an adjusted gross income (AGI) of at least \$100,000, yet they earned nearly a quarter (22.3 percent) of the region's total AGI. In contrast, over half (58.6 percent) of taxpayers in the region had an AGI below \$30,000 in 1999. These taxpayers earned less than a quarter (22.1 percent) of the region's total income in 1999. The Far North region has a lower degree of income inequality among taxpayers than most regions in the state, according to the Gini index, a standard measure of income inequality. This is in part because a smaller share of taxpayers in the region have high incomes relative to other areas of the state.⁷⁹

Table 4.1c: Distribution Of Adjusted Gross Income (AGI), 1999

<u>Income Group</u>	<u>Percentage Of Tax Returns</u>	<u>Percentage Of Total AGI</u>
Under \$10,000	21.6%	2.1%
\$10,000 - \$29,999	37.0%	20.0%
\$30,000 - \$49,999	20.3%	22.6%
\$50,000 - \$69,999	10.8%	18.1%
\$70,000 - \$99,999	6.4%	14.9%
\$100,000 And Over	3.9%	22.3%
Total	100.0%	100.0%

Source: Franchise Tax Board

Region 2: Northern Sacramento Valley

Butte, Colusa, Glenn, Shasta, Sutter, Tehama, And Yuba Counties

Regional Profile

The Northern Sacramento Valley region includes seven counties and accounts for 1.8 percent of the state's population (Table 4.2a). Between 1990 and 2000 the region's population grew by 11.9 percent, as compared to the state's population growth of 13.8 percent. In 2000, more of the region's residents aged 25 years and older had a high school degree (78.7 percent), but far fewer had a college degree (16.7 percent) than the state as a whole (76.8 and 26.6 percent, respectively).

Table 4.2a: Regional Profile				
Population				
Population, 2001				620,350
Share Of State Population, 2001				1.8%
Percent Population Change, 1990-2000				11.9%
Education				
Percentage Of Population 25 Years And Older Who Are High School Graduates, 2000				78.7%
Percentage Of Population 25 Years And Older Who Are College Graduates, 2000				16.7%
Health Insurance Coverage				
Percentage Of Persons Under 65 Years Of Age Without Health Insurance, 2001				15.0%
	<u>1989</u>		<u>1999</u>	
Economic Well-Being	<u>Number</u>	<u>Percentage</u>	<u>Number</u>	<u>Percentage</u>
Per Capita Income (1999 Dollars)	\$15,383		\$16,832	
High-Income Families	9,436	6.5%	13,202	8.5%
Persons In Poverty	87,879	16.6%	105,136	17.7%
Children In Poverty	33,665	23.8%	37,439	23.7%
Renter Households That Spend At Least 30 Percent Of Income On Housing	33,970	49.0%	36,166	47.6%

Notes: High-income families are defined as those with family incomes higher than \$75,000 in 1989 (1989 dollars) or higher than \$100,000 in 1999 (1999 dollars). These two income levels are comparable after adjusting for inflation. Health insurance coverage figure is for 25 northern and Sierra counties. Source: US Census Bureau and UCLA Center for Health Policy Research

Employment And Jobs

Employment in the Northern Sacramento Valley region grew strongly in the late 1990s. The total number of employed persons in the region was 244,850 in 2001, 20.0 percent higher than in 1989 (Table 4.2b). The number of employed persons increased to 254,200 in August 2002. The unemployment rate in 2001 was 8.5 percent, more than 3 percentage points higher than the state rate of 5.3 percent. In comparison, the unemployment rate in the region in 1989, the height of the previous economic expansion, was 9.6 percent. The unemployment rate in August 2002 was 7.3 percent.

	<u>Annual Average</u>				<u>Absolute Change 1989-2001</u>	<u>Percent Change 1989-2001</u>
	<u>1989</u>	<u>2000</u>	<u>2001</u>	<u>August 2002</u>		
Labor Force	225,590	265,750	267,650	274,170	42,060	18.6%
Employment	204,110	242,580	244,850	254,200	40,740	20.0%
Unemployment	21,570	23,170	22,820	19,970	1,250	5.8%
Unemployment Rate	9.6%	8.7%	8.5%	7.3%	-1.0%	
Total, All Industries	170,530	208,040	211,400	218,580	40,870	24.0%
Total Nonfarm	154,540	192,600	197,380	201,560	42,840	27.7%
Construction	8,410	9,300	10,290	10,570	1,880	22.4%
Manufacturing	18,740	17,660	16,870	19,080	-1,870	-10.0%
Transportation And Public Utilities	8,320	9,130	8,660	8,640	340	4.1%
Trade	41,470	47,660	48,520	49,970	7,050	17.0%
Finance, Insurance, And Real Estate	6,500	8,090	8,870	8,880	2,370	36.5%
Services	35,250	53,760	55,910	55,920	20,660	58.6%
Government	35,970	46,910	48,360	48,500	12,390	34.4%

Note: August 2002 data are not seasonally adjusted. Labor force, employment, and unemployment estimates are not directly comparable to industry estimates. Labor force, employment, and unemployment estimates reflect the status of civilians by place of residence and are based on the Current Population Survey. Industry employment data reflect jobs by place of work and are employer data collected in the Current Employment Survey. For more information on survey methodologies, see <http://www.calmis.ca.gov/file/resource/indlcomp.htm>. Construction jobs include those in the mining industry, which represent 3.0 percent of construction jobs in the state as a whole.

Source: Employment Development Department

The total number of jobs grew by 40,870 (24.0 percent) between 1989 and 2001, representing stronger growth than the statewide increase of 19.6 percent. The service sector accounted for half of all job growth in the region, gaining 20,660 jobs (58.6 percent). The number of jobs in the public sector grew by 12,390 (34.4 percent). In contrast, the manufacturing sector lost 1,870 jobs (10.0 percent). However, the number of jobs in the manufacturing sector increased by 2,210 between 2001 and August 2002. On a statewide basis, manufacturing jobs paid 40 percent more than the average California job in 2000, while service sector jobs paid approximately the same as the average job in the state.

Income Trends

By a number of measures, income increased in the 1990s in the region. Per capita income, or total income divided by the total number of persons, was \$16,832 in 1999, an increase of 9.4 percent between 1989 and 1999 after adjusting for inflation (Table 4.2a). The number of high-income families grew from 9,436 (6.5 percent of all families) in 1989 to 13,202 (8.5 percent of all families) in 1999.⁸⁰

Median family income increased by more than 2 percent between 1989 and 1999 in all counties in the region after adjusting for inflation, including increases of greater than 10 percent in Butte and Tehama Counties (Appendix 1). However, every county had a lower median family income in 1999 than the state as a whole (\$53,025), ranging from \$34,103 in Yuba County to \$44,330 in Sutter County. Latino-, black-, and Asian-headed families in the region generally had substantially lower median incomes in 1999 than did white-headed families.

Indicators Of Hardship

Despite upward income trends for families at the middle and top of the income spectrum, many families did not benefit from the strong economic growth of the late 1990s. The poverty rate increased for the Northern Sacramento Valley region, from 16.6 percent in 1989 to 17.7 percent in 1999 (Table 4.2a). Nearly one in four children (23.7 percent) lived in poverty in 1999, comparable to the child poverty rate in 1989 of 23.8 percent. In addition, nearly half of all renters (47.6 percent) spent at least 30 percent of their income on rent during 1999, as compared to 49.0 percent in 1989. Nearly one in six non-elderly residents of the region (15.0 percent) lacked health insurance coverage in 2001.⁸¹

Many families with incomes well above the poverty level, including those with incomes up to the median, may struggle to make ends meet. The California Budget Project (CBP) estimated how much families need to earn in order to achieve a modest standard of living without government assistance. According to CBP estimates, a family of three with one working parent and two young children in the Northern Sacramento Valley region would need to earn \$33,897 per year. A family of four with two working parents would need to earn \$42,588.⁸² These figures are similar to county median family incomes in the region, which ranged from \$34,103 to \$44,330. This indicates that many families with incomes at or near the median may struggle to meet their economic needs.

Income Inequality

State income tax return data disclose a high degree of income inequality in the region (Table 4.2c).⁸³ Fewer than one in 20 taxpayers (4.2 percent) had an adjusted gross income (AGI) of at least \$100,000, yet they earned almost a quarter (24.0 percent) of the region's total AGI. In contrast, over half (59.7 percent) of taxpayers in the region had an AGI below \$30,000 in 1999. These taxpayers earned less than a quarter (22.7 percent) of the region's total income in 1999. The Northern Sacramento Valley region has less income inequality among taxpayers than most regions in the state, according to the Gini index, a standard measure of income inequality. This is in part because a smaller share of taxpayers in the region have high incomes relative to other areas of the state.⁸⁴

Table 4.2c: Distribution Of Adjusted Gross Income (AGI), 1999

<u>Income Group</u>	<u>Percentage Of Tax Returns</u>	<u>Percentage Of Total AGI</u>
Under \$10,000	21.6%	2.3%
\$10,000 - \$29,999	38.1%	20.5%
\$30,000 - \$49,999	19.5%	21.5%
\$50,000 - \$69,999	10.2%	17.0%
\$70,000 - \$99,999	6.4%	14.8%
\$100,000 And Over	4.2%	24.0%
Total	100.0%	100.0%

Source: Franchise Tax Board

Region 3: Greater Sacramento

El Dorado, Nevada, Placer, Sacramento, And Yolo Counties

Regional Profile

The Greater Sacramento region includes Sacramento and four nearby counties (El Dorado, Nevada, Placer, and Yolo Counties), accounting for 5.6 percent of the state's population (Table 4.3a). Between 1990 and 2000 the region's population grew by 21.1 percent, more than one and a half times the state's population growth of 13.8 percent. In 2000, more of the region's residents aged 25 years and older had a high school degree than Californians as a whole (84.9 and 76.8 percent, respectively). However, a similar share of the region's residents aged 25 years and older had a college degree as did Californians as a whole (26.5 and 26.6 percent, respectively).

Table 4.3a: Regional Profile

Table 4.3a: Regional Profile				
Population				
Population, 2001			1,961,900	
Share Of State Population, 2001			5.6%	
Percent Population Change, 1990-2000			21.1%	
Education				
Percentage Of Population 25 Years And Older Who Are High School Graduates, 2000			84.9%	
Percentage Of Population 25 Years And Older Who Are College Graduates, 2000			26.5%	
Health Insurance Coverage			<u>Number</u>	<u>Percentage</u>
Persons Under 65 Years Of Age Without Health Insurance, 2001			142,000	9.1%
			<u>1989</u>	<u>1999</u>
Economic Well-Being	<u>Number</u>	<u>Percentage</u>	<u>Number</u>	<u>Percentage</u>
Per Capita Income (1999 Dollars)	\$20,019		\$22,385	
High-Income Families	51,311	12.7%	82,994	17.5%
Persons In Poverty	177,790	11.7%	232,254	12.5%
Children In Poverty	68,382	17.3%	84,320	17.0%
Renter Households That Spend At Least 30 Percent Of Income On Housing	108,198	48.2%	110,408	43.8%

Notes: High-income families are defined as those with family incomes higher than \$75,000 in 1989 (1989 dollars) or higher than \$100,000 in 1999 (1999 dollars). These two income levels are comparable after adjusting for inflation. Health insurance coverage figures are for El Dorado, Placer, Sacramento, and Yolo Counties; they do not include Nevada County.

Source: US Census Bureau and UCLA Center for Health Policy Research

Employment And Jobs

Employment in the Greater Sacramento region grew strongly in the late 1990s. The total number of employed persons in the region was 930,170 in 2001, 27.7 percent higher than in 1989 (Table 4.3b). The number of employed persons increased to 945,190 in August 2002. The unemployment rate in 2001 was 4.1 percent, more than one percentage point lower than the state rate of 5.3 percent. In comparison, the unemployment rate in the region in 1989, the height of the previous economic expansion, was 4.9 percent. The unemployment rate in August 2002 was 4.8 percent.

Table 4.3b: Employment Trends By Sector						
	<u>Annual Average</u>				<u>Absolute Change</u>	<u>Percent Change</u>
	<u>1989</u>	<u>2000</u>	<u>2001</u>	<u>August 2002</u>	<u>1989-2001</u>	<u>1989-2001</u>
Labor Force	766,390	950,210	969,270	993,020	202,880	26.5%
Employment	728,580	911,650	930,170	945,190	201,590	27.7%
Unemployment	37,710	38,550	39,300	47,830	1,590	4.2%
Unemployment Rate	4.9%	4.1%	4.1%	4.8%	-0.9%	
Total, All Industries	552,750	833,970	857,720	861,360	n/a	n/a
Total Nonfarm	607,390	824,980	824,980	850,270	217,590	35.8%
Construction	33,750	55,030	60,950	63,880	27,200	80.6%
Manufacturing	45,750	59,040	59,330	54,270	13,580	29.7%
Transportation And Public Utilities	27,410	34,380	35,050	33,110	7,640	27.9%
Trade	145,990	181,240	185,120	187,120	39,130	26.8%
Finance, Insurance, And Real Estate	37,450	53,710	54,200	53,450	16,750	44.7%
Services	134,520	225,550	230,070	229,510	95,550	71.0%
Government	182,430	216,030	224,220	228,930	41,790	22.9%

Note: August 2002 data are not seasonally adjusted. Total industry estimate in 1989 does not include Yolo County, so comparison with 2001 is not provided. Labor force, employment, and unemployment estimates are not directly comparable to industry estimates. Labor force, employment, and unemployment estimates reflect the status of civilians by place of residence and are based on the Current Population Survey. Industry employment data reflect jobs by place of work and are employer data collected in the Current Employment Survey. For more information on survey methodologies, see <http://www.calmis.ca.gov/file/resource/indfcomp.htm>. Construction jobs include those in the mining industry, which represent 3.0 percent of construction jobs in the state as a whole.

Source: Employment Development Department

The total number of nonfarm jobs grew by 217,590 (35.8 percent) between 1989 and 2001. The service sector accounted for close to half of nonfarm job growth in the region, gaining 95,550 jobs (71.0 percent). The number of jobs in the public sector grew by 41,790 (22.9 percent), and the trade sector gained 39,130 jobs (26.8 percent). Construction jobs nearly doubled, from 33,750 in 1989 to 60,950, in 2001.⁸⁵ In contrast to the statewide trend, the manufacturing sector gained 13,580 jobs (29.7 percent) over the same time period. However, the region lost over 5,000 manufacturing jobs between 2001 and August 2002.

Income Trends

By a number of measures, income increased in the 1990s in the region. Per capita income, or total income divided by the total number of persons, was \$22,385 in 1999, an increase of 11.8 percent between 1989 and 1999 after adjusting for inflation (Table 4.3a). The number of high-income families grew from 51,311 (12.7 percent of all families) in 1989 to 82,994 (17.5 percent of all families) in 1999.⁸⁶

Median family income increased by 3.3 percent in Sacramento County, and by more than 7.0 percent in the other four counties in the region, between 1989 and 1999 after adjusting for inflation (Appendix 1). The increase in Placer County was 18.5 percent. Median family income in 1999 ranged from \$50,717 in Sacramento County to \$65,858 in Placer County. In comparison, the state median income was \$53,025. Black- and Latino-headed families in the region tended to have lower median incomes in 1999 than did white- and Asian-headed families. However, black-headed families in El Dorado and Placer Counties had a higher median income than white-headed families.⁸⁷

Indicators Of Hardship

Despite upward income trends for families at the middle and top of the income spectrum, many families did not benefit from the strong economic growth of the late 1990s. The poverty rate increased for the Greater Sacramento region, from 11.7 percent in 1989 to 12.5 percent in 1999 (Table 4.3a). Nearly one in five children (17.0 percent) lived under the federal poverty level in 1999, comparable to the child poverty rate in 1989 of 17.3 percent. In addition, over two-fifths of renters (43.8 percent) spent at least 30 percent of their income on rent during 1999, lower than the share in 1989 (48.2 percent). Nearly one in ten non-elderly residents of the region (9.1 percent) lacked health insurance coverage in 2001.⁸⁸

Many families with incomes well above the poverty level may struggle to make ends meet. The California Budget Project (CBP) estimated how much families need to earn in order to achieve a modest standard of living without government assistance. According to CBP estimates, a family of three with one working parent and two young children in the Greater Sacramento region would need to earn \$38,674 per year. A family of four with two working parents would need to earn \$47,300.⁸⁹ These figures are well over half of county median family incomes in the region, which ranged from \$50,717 to \$65,858. This indicates that many families in the region, including those with incomes not far below the median, may struggle to meet their economic needs.

Income Inequality

State income tax data disclose a high degree of income inequality in the region (Table 4.3c).⁹⁰ Fewer than one in every ten taxpayers (8.4 percent) had an adjusted gross income (AGI) of at least \$100,000, yet they earned over a third (37.5 percent) of the region's total AGI. In contrast, nearly half (48.5 percent) of taxpayers in the region had an AGI below \$30,000 in 1999. These taxpayers earned less than one-sixth (14.0 percent) of the region's total income in 1999. The Greater Sacramento region has a higher degree of income inequality than rural regions, but a lower degree than the other urban regions in the state, according to the Gini index, a standard measure of income inequality. This is in part because high-income taxpayers account for a lower share of the region's total income than in other urban regions.⁹¹

Table 4.3c: Distribution Of Adjusted Gross Income (AGI), 1999

<u>Income Group</u>	<u>Percentage Of Tax Returns</u>	<u>Percentage Of Total AGI</u>
Under \$10,000	16.5%	1.3%
\$10,000 - \$29,999	32.0%	12.7%
\$30,000 - \$49,999	20.6%	16.5%
\$50,000 - \$69,999	12.7%	15.3%
\$70,000 - \$99,999	9.8%	16.7%
\$100,000 And Over	8.4%	37.5%
Total	100.0%	100.0%

Source: Franchise Tax Board

Region 4: San Francisco Bay Area

**Alameda, Contra Costa, Marin, Napa, San Francisco,
San Mateo, Santa Clara, Santa Cruz, Solano, And Sonoma Counties**

Regional Profile

The ten-county San Francisco Bay Area includes one-fifth (20.6 percent) of the state's population (Table 4.4a). Between 1990 and 2000 the region's population grew by 12.6 percent, as compared to the state's population growth of 13.8 percent. In 2000, substantially more of the region's residents aged 25 years and older had a high school degree (83.9 percent) and a college degree (37.3 percent) than Californians as a whole (76.8 and 26.6 percent, respectively).

Table 4.4a: Regional Profile				
Population				
Population, 2001	7,170,300			
Share Of State Population, 2001	20.6%			
Percent Population Change, 1990-2000	12.6%			
Education				
Percentage Of Population 25 Years And Older Who Are High School Graduates, 2000	83.9%			
Percentage Of Population 25 Years And Older Who Are College Graduates, 2000	37.3%			
Health Insurance Coverage				
	<u>Number</u>		<u>Percentage</u>	
Persons Under 65 Years Of Age Without Health Insurance, 2001	526,000		8.9%	
Economic Well-Being				
	<u>1989</u>		<u>1999</u>	
	<u>Number</u>	<u>Percentage</u>	<u>Number</u>	<u>Percentage</u>
Per Capita Income (1999 Dollars)	\$25,476		\$30,769	
High-Income Families	357,368	23.4%	528,683	31.7%
Persons In Poverty	526,124	8.6%	602,716	8.7%
Children In Poverty	167,437	11.9%	172,121	10.6%
Renter Households That Spend At Least 30 Percent Of Income On Housing	437,159	45.2%	420,726	41.1%

Notes: High-income families are defined as those with family incomes higher than \$75,000 in 1989 (1989 dollars) or higher than \$100,000 in 1999 (1999 dollars). These two income levels are comparable after adjusting for inflation. Health insurance coverage figures are for nine Bay Area counties and do not include Santa Cruz County.

Source: US Census Bureau and UCLA Center for Health Policy Research

Employment And Jobs

Employment in the San Francisco Bay Area grew strongly in the late 1990s. The total number of employed persons in the region was 3,774,600 in 2001, 16.5 percent higher than in 1989 but slightly lower than in 2000 (Table 4.4b). The number of employed persons fell further to 3,727,700 in August 2002. The unemployment rate in 2001 was 4.1 percent, more than one percentage point lower than the state rate of 5.3 percent. In comparison, the unemployment rate in the region in 1989, the height of the previous economic expansion, was 4.0 percent. The unemployment rate in August 2002 climbed to 6.0 percent.

	<u>Annual Average</u>				<u>Absolute Change 1989-2001</u>	<u>Percent Change 1989-2001</u>
	<u>1989</u>	<u>2000</u>	<u>2001</u>	<u>August 2002</u>		
Labor Force	3,375,800	3,899,300	3,934,700	3,964,300	558,900	16.6%
Employment	3,239,600	3,797,300	3,774,600	3,727,700	535,000	16.5%
Unemployment	136,200	101,800	160,100	236,600	23,900	17.5%
Unemployment Rate	4.0%	2.6%	4.1%	6.0%	0.0%	
Total, All Industries	2,974,400	3,646,300	3,646,800	3,549,000	672,400	22.6%
Total Nonfarm	2,943,000	3,612,200	3,612,500	3,506,200	669,500	22.7%
Construction	131,300	194,500	201,000	198,900	69,700	53.1%
Manufacturing	498,500	518,000	504,200	468,200	5,700	1.1%
Transportation And Public Utilities	166,800	191,000	189,000	176,900	22,200	13.3%
Trade	686,900	765,200	763,500	755,200	76,600	11.2%
Finance, Insurance, And Real Estate	204,100	217,100	220,400	218,500	16,300	8.0%
Services	790,200	1,243,300	1,247,900	1,215,200	457,700	57.9%
Government	465,100	483,300	486,800	473,300	21,700	4.7%

Note: August 2002 data are not seasonally adjusted. Labor force, employment, and unemployment estimates are not directly comparable to industry estimates. Labor force, employment, and unemployment estimates reflect the status of civilians by place of residence and are based on the Current Population Survey. Industry employment data reflect jobs by place of work and are employer data collected in the Current Employment Survey. For more information on survey methodologies, see <http://www.calmis.ca.gov/file/resource/indlcomp.htm>. Construction jobs include those in the mining industry, which represent 3.0 percent of construction jobs in the state as a whole.

Source: Employment Development Department

The total number of jobs grew by 672,400 (22.6 percent) between 1989 and 2001, moderately higher than the statewide increase of 19.6 percent. The service sector accounted for over two-thirds of job growth in the region, growing by 457,700 jobs (57.9 percent). The trade sector grew by 76,600 jobs (11.2 percent). The number of jobs in the construction sector grew by 69,700 (53.1 percent). In contrast, the manufacturing sector gained 5,700 jobs (1.1 percent). Between 2001 and August 2002, nearly 100,000 jobs were lost, affecting every sector in the region. The manufacturing sector had 36,000 fewer jobs in August 2002 than the 2001 average, and the service sector shed 32,700 jobs. The decline in manufacturing and service jobs is related to the weakening of the high tech sector, which began in early 2001. On a statewide basis, manufacturing jobs paid 40 percent more than the average California job in 2000, while service sector jobs paid approximately the same as the average job in the state.

Income Trends

By a number of measures, income increased in the 1990s in the region. Per capita income, or total income divided by the total number of persons, was \$30,769 in 1999, an increase of 20.8 percent between 1989 and 1999 after adjusting for inflation (Table 4.4a). This represents the strongest per capita income growth of all regions in the state. The number of high-income families grew from 357,368 (23.4 percent of all families) in 1989 to 528,683 (31.7 percent of all families) in 1999.⁹²

Median family income increased by 9 percent or more between 1989 and 1999 in the ten counties in the region after adjusting for inflation, including a 20.7 percent rise in San Francisco County (Appendix 1). Median family income in 1999 ranged from \$60,597 in Solano County to \$88,934 in Marin County. Asian-headed families in the region generally had somewhat lower, and black- and Latino-headed families had substantially lower, median incomes in 1999 than white-headed families. Wage trends of workers in the Bay Area are discussed in detail in Chapter 2.

Indicators Of Hardship

Despite upward income trends for families at the middle and top of the income spectrum, many families did not benefit from the strong economic growth of the late 1990s. The poverty rate for the Bay Area was 8.7 percent in 1999, comparable to the poverty rate in 1989 (Table 4.4a). The percentage of children living under the federal poverty level fell from 11.9 percent in 1989 to 10.6 percent in 1999. In addition, two out of every five renters (41.1 percent) spent at least 30 percent of their income on rent during 1999, as compared to 45.2 percent in 1989. Nearly one in ten non-elderly residents of the region (8.9 percent) lacked health insurance coverage in 2001.

Many families with incomes well above the poverty level, including those with incomes up to the median, may struggle to make ends meet. The California Budget Project (CBP) estimated how much families need to earn in order to achieve a modest standard of living without government assistance. According to CBP estimates, a family of three with one working parent and two young children in the San Francisco Bay Area would need to earn \$54,069 per year. A family of four with two working parents would need to earn \$61,593.⁹³ These figures are somewhat lower than county median family incomes in the region, which ranged from \$60,597 to \$88,934. This indicates that many families with incomes at or below the median may struggle to meet their economic needs.

Income Inequality

State income tax data disclose a high degree of income inequality in the region (Table 4.4c).⁹⁴ Fewer than one in every six taxpayers (15.1 percent) had an adjusted gross income (AGI) of at least \$100,000, yet they earned over three-fifths (61.3 percent) of the region's total AGI. In contrast, close to half (42.3 percent) of taxpayers in the region had an AGI below \$30,000 in 1999. These taxpayers earned less than a tenth (7.7 percent) of the region's total income in 1999. The San Francisco Bay Area has the second highest degree of income inequality among regions in the state, according to the Gini index, a standard measure of income inequality. This is in part because of the large number of high-income taxpayers that live in the region.⁹⁵

Table 4.4c: Distribution Of Adjusted Gross Income (AGI), 1999

<u>Income Group</u>	<u>Percentage Of Tax Returns</u>	<u>Percentage Of Total AGI</u>
Under \$10,000	15.0%	0.6%
\$10,000 - \$29,999	27.4%	7.0%
\$30,000 - \$49,999	19.8%	10.1%
\$50,000 - \$69,999	12.1%	9.4%
\$70,000 - \$99,999	10.7%	11.6%
\$100,000 And Over	15.1%	61.3%
Total	100.0%	100.0%

Source: Franchise Tax Board

Region 5: San Joaquin Valley

Fresno, Kern, Kings, Madera, Merced, San Joaquin, Stanislaus, And Tulare Counties

Regional Profile

The eight counties in the San Joaquin Valley region include 9.8 percent of the state's population (Table 4.5a). Between 1990 and 2000 the region's population grew by 20.5 percent, nearly one and a half times the state's population growth of 13.8 percent. In 2000, fewer of the region's residents aged 25 years and older had a high school degree (67.9 percent), and far fewer had a college degree (14.2 percent) than Californians as a whole (76.8 and 26.6 percent, respectively).

Table 4.5a: Regional Profile				
Population				
Population, 2001	3,415,300			
Share Of State Population, 2001	9.8%			
Percent Population Change, 1990-2000	20.5%			
Education				
Percentage Of Population 25 Years And Older Who Are High School Graduates, 2000	67.9%			
Percentage Of Population 25 Years And Older Who Are College Graduates, 2000	14.2%			
Health Insurance Coverage			<u>Number</u>	<u>Percentage</u>
Persons Under 65 Years Of Age Without Health Insurance, 2001			473,000	16.4%
	<u>1989</u>		<u>1999</u>	
Economic Well-Being	<u>Number</u>	<u>Percentage</u>	<u>Number</u>	<u>Percentage</u>
Per Capita Income (1999 Dollars)	\$15,336		\$15,798	
High-Income Families	59,296	8.7%	79,474	10.1%
Persons In Poverty	489,575	18.3%	654,997	20.5%
Children In Poverty	230,434	27.5%	289,182	28.1%
Renter Households That Spend At Least 30 Percent Of Income On Housing	157,448	46.1%	171,276	45.8%

Note: High-income families are defined as those with family incomes higher than \$75,000 in 1989 (1989 dollars) or higher than \$100,000 in 1999 (1999 dollars). These two income levels are comparable after adjusting for inflation.
Source: US Census Bureau and UCLA Center for Health Policy Research

Employment And Jobs

Employment in the San Joaquin Valley region grew strongly in the late 1990s. The total number of employed persons in the region was 1,330,270 in 2001, 22.7 percent higher than in 1989 (Table 4.5b). The number of employed persons increased to 1,389,530 in August 2002. Despite strong job growth, the region's unemployment rate remained substantially higher than that of the state as a whole (11.9 and 5.3 percent, respectively). In comparison, the unemployment rate in the region in 1989, the height of the previous economic expansion, was 10.3 percent. The unemployment rate in August 2002 was 9.9 percent.

Table 4.5b: Employment Trends By Sector

	<u>Annual Average</u>				<u>Absolute Change 1989-2001</u>	<u>Percent Change 1989-2001</u>
	<u>1989</u>	<u>2000</u>	<u>2001</u>	<u>August 2002</u>		
Labor Force	1,208,780	1,510,250	1,509,710	1,542,820	300,930	24.9%
Employment	1,084,500	1,325,620	1,330,270	1,389,530	245,770	22.7%
Unemployment	124,180	184,630	179,440	153,290	55,260	44.5%
Unemployment Rate	10.3%	12.2%	11.9%	9.9%	1.6%	
Total, All Industries	973,450	1,204,410	1,213,300	1,271,970	239,850	24.6%
Total Nonfarm	802,130	1,002,060	1,029,260	1,049,380	227,130	28.3%
Construction	55,480	66,480	72,370	73,910	16,890	30.4%
Manufacturing	112,850	119,810	118,870	130,430	6,020	5.3%
Transportation And Public Utilities	41,870	52,310	52,420	52,330	10,550	25.2%
Trade	200,450	239,700	244,170	247,380	43,720	21.8%
Finance, Insurance, And Real Estate	37,710	41,230	42,440	44,050	4,730	12.5%
Services	164,630	244,520	251,800	257,170	87,170	52.9%
Government	189,130	238,120	247,480	244,110	58,350	30.9%

Note: August 2002 data are not seasonally adjusted. Labor force, employment, and unemployment estimates are not directly comparable to industry estimates. Labor force, employment, and unemployment estimates reflect the status of civilians by place of residence and are based on the Current Population Survey. Industry employment data reflect jobs by place of work and are employer data collected in the Current Employment Survey. For more information on survey methodologies, see <http://www.calmis.ca.gov/file/resource/indlcomp.htm>. Construction jobs include those in the mining industry, which represent 3.0 percent of construction jobs in the state as a whole.

Source: Employment Development Department

The total number of jobs grew by 239,850 (24.6 percent) between 1989 and 2001, representing stronger growth than the statewide increase of 19.6 percent. The service sector accounted for over a third of job growth in the region, growing by 87,170 jobs (52.9 percent). The number of jobs in the public sector grew by 58,350 (30.9 percent), and the trade sector gained 43,720 jobs. In contrast, the manufacturing sector grew by 6,020 jobs (5.3 percent). On a statewide basis, manufacturing jobs paid 40 percent more than the average California job in 2000, while service sector jobs paid approximately the same as the average job in the state.

Income Trends

By a number of measures, incomes in the region increased moderately but unevenly in the 1990s. Per capita income, or total income divided by the total number of persons, was \$15,798 in 1999, an increase of 3.0 percent between 1989 and 1999 after adjusting for inflation (Table 4.5a). The number of high-income families grew from 59,296 (8.7 percent of all families) in 1989 to 79,474 (10.1 percent of all families) in 1999.⁹⁶

Median family income increased by more than 3 percent between 1989 and 1999 in five of the eight counties in the region after adjusting for inflation (Appendix 1). However, median income declined in two counties (Fresno and Kern Counties) and was basically unchanged in Madera County. Every county had a lower median family income in 1999 than the state as a whole (\$53,025), ranging from \$36,297 in Tulare County to \$46,919 in San Joaquin County. Asian-headed families in the region generally had somewhat lower, and black- and Latino-headed families had substantially lower, median incomes in 1999 than white-headed families. However, Asian-headed families in Madera County had a higher median income than white-headed families.

Indicators Of Hardship

Median family incomes continue to be considerably lower in the San Joaquin Valley region than in the state as a whole, and the benefits of the strong economic growth of the late 1990s were not broadly shared. The poverty rate for the San Joaquin Valley increased from 18.3 percent in 1989 to 20.5 percent in 1999 (Table 4.5a). More than one in four children (28.1 percent) lived in poverty in 1999, similar to the region's child poverty rate in 1989 (27.5 percent). In addition, nearly half of all renters (45.8 percent) spent at least 30 percent of their income on rent during 1999, as compared to 46.1 percent in 1989. One in six non-elderly residents of the region (16.4 percent) lacked health insurance coverage in 2001.⁹⁷

Many families with incomes well above the poverty level, including those with incomes up to the median, may struggle to make ends meet. The California Budget Project (CBP) estimated how much families need to earn in order to achieve a modest standard of living without government assistance. According to CBP estimates, a family of three with one working parent and two young children in the San Joaquin Valley region would need to earn \$35,049 per year. A family of four with two working parents would need to earn \$43,528.⁹⁸ These figures are similar to county median family incomes in the region, which ranged from \$36,297 to \$46,919. This indicates that many families with incomes at or below the median may struggle to meet their economic needs.

Income Inequality

State income tax data disclose a high degree of income inequality in the region (Table 4.5c).⁹⁹ One in every 20 taxpayers (4.8 percent) had an adjusted gross income (AGI) of at least \$100,000, yet they earned a quarter (25.8 percent) of the region's total AGI. In contrast, over half (58.6 percent) of taxpayers in the region had an AGI below \$30,000 in 1999. These taxpayers earned less than a quarter (21.2 percent) of the region's total income in 1999. The San Joaquin Valley region has a lower degree of income inequality than urban regions, but a higher degree than other rural regions of the state, according to the Gini index, a standard measure of income inequality.¹⁰⁰

Table 4.5c: Distribution Of Adjusted Gross Income (AGI), 1999

<u>Income Group</u>	<u>Percentage Of Tax Returns</u>	<u>Percentage Of Total AGI</u>
Under \$10,000	21.6%	2.2%
\$10,000 - \$29,999	37.0%	19.0%
\$30,000 - \$49,999	18.8%	19.9%
\$50,000 - \$69,999	10.6%	17.1%
\$70,000 - \$99,999	7.1%	16.0%
\$100,000 And Over	4.8%	25.8%
Total	100.0%	100.0%

Source: Franchise Tax Board

Region 6: Central Sierra

Alpine, Amador, Calaveras, Inyo, Mariposa, Mono, And Tuolumne Counties

Regional Profile

The Central Sierra region includes seven counties and accounts for 0.5 percent of the state's population (Table 4.6a). Between 1990 and 2000 the region's population grew by 16.3 percent, greater than the state's population growth of 13.8 percent. In 2000, more of the region's residents aged 25 years and older had a high school degree (84.7 percent), but fewer had a college degree (17.9 percent), than Californians as a whole (76.8 and 26.6 percent, respectively).

Table 4.6a: Regional Profile

Table 4.6a: Regional Profile				
Population				
Population, 2001			182,690	
Share Of State Population, 2001			0.5%	
Percent Population Change, 1990-2000			16.3%	
Education				
Percentage Of Population 25 Years And Older Who Are High School Graduates, 2000			84.7%	
Percentage Of Population 25 Years And Older Who Are College Graduates, 2000			17.9%	
Health Insurance Coverage				
Percentage Of Persons Under 65 Years Of Age Without Health Insurance, 2001			15.0%	
			<u>1989</u>	
			<u>1999</u>	
Economic Well-Being	<u>Number</u>	<u>Percentage</u>	<u>Number</u>	<u>Percentage</u>
Per Capita Income (1999 Dollars)	\$17,761		\$21,168	
High-Income Families	3,351	8.0%	5,743	12.0%
Persons In Poverty	14,384	10.0%	19,623	11.6%
Children In Poverty	4,894	14.4%	6,067	16.1%
Renter Households That Spend At Least 30 Percent Of Income On Housing	6,070	41.4%	7,118	42.5%

Notes: High-income families are defined as those with family incomes higher than \$75,000 in 1989 (1989 dollars) or higher than \$100,000 in 1999 (1999 dollars). These two income levels are comparable after adjusting for inflation. Health insurance coverage figure is for 25 northern and Sierra counties.

Source: US Census Bureau and UCLA Center for Health Policy Research

Employment And Jobs

Employment in the Central Sierra region grew moderately in the late 1990s. The total number of employed persons in the region was 70,060 in 2001, 18.0 percent higher than in 1989 (Table 4.6b). The number of employed persons increased to 73,540 in August 2002. The unemployment rate in 2001 was 5.3 percent, the same as the statewide unemployment rate. In comparison, the unemployment rate in the region in 1989, the height of the previous economic expansion, was 6.3 percent. The unemployment rate in August 2002 was 4.9 percent.

	<u>Annual Average</u>		<u>2001</u>	<u>August 2002</u>	<u>Absolute Change 1989-2001*</u>	<u>Percent Change 1989-2001*</u>
	<u>1989*</u>	<u>2000</u>				
Labor Force	63,390	71,060	73,990	77,320	10,600	16.7%
Employment	59,390	66,870	70,060	73,540	10,670	18.0%
Unemployment	3,990	4,200	3,930	3,780	-60	-1.5%
Unemployment Rate	6.3%	5.9%	5.3%	4.9%	-1.0%	
Total, All Industries	33,120	55,360	58,470	60,190	10,740	32.4%
Total Nonfarm	32,030	53,830	56,690	59,350	10,100	31.5%
Construction	2,550	3,200	3,590	4,030	240	6.9%
Manufacturing	2,680	2,990	2,990	3,050	100	9.4%
Transportation And Public Utilities	1,080	1,780	1,890	1,950	330	3.7%
Trade	6,770	12,680	12,970	13,780	2,300	40.4%
Finance, Insurance, And Real Estate	1,330	1,970	2,060	2,120	70	30.6%
Services	7,980	15,450	16,350	15,630	4,170	34.0%
Government	10,120	16,760	17,970	18,750	3,510	5.3%

Notes: Asterisks indicate missing industry data for Inyo and Mono Counties in 1989. In order to compare industry data from 1989 to 2001, data for Inyo and Mono Counties were excluded from comparison calculations. August 2002 data are not seasonally adjusted. Labor force, employment, and unemployment estimates are not directly comparable to industry estimates. Labor force, employment, and unemployment estimates reflect the status of civilians by place of residence and are based on the Current Population Survey. Industry employment data reflect jobs by place of work and are employer data collected in the Current Employment Survey. For more information on survey methodologies, see <http://www.calmis.ca.gov/file/resource/indlcomp.htm>. Construction jobs include those in the mining industry, which represent 3.0 percent of construction jobs in the state as a whole.

Source: Employment Development Department

The total number of jobs in the region, excluding Mono and Inyo Counties, grew by 10,740 (32.4 percent) between 1989 and 2001, representing stronger growth than the statewide increase of 19.6 percent.¹⁰¹ The service sector accounted for over a third of job growth in the region, increasing by 4,170 jobs (52.3 percent). The number of jobs in the public sector grew by 3,510 (34.7 percent). In contrast, the manufacturing sector gained only 100 jobs (3.7 percent). On a statewide basis, manufacturing jobs paid 40 percent more than the average California job in 2000, while service sector jobs paid approximately the same as the average job in the state. Between 2001 and August 2002, the region, including Inyo and Mono Counties, gained 1,720 jobs and all sectors grew except the service sector, which lost 720 jobs.

Income Trends

By a number of measures, income increased in the 1990s in the region. Per capita income, or total income divided by the total number of persons, was \$21,168 in 1999, an increase of 19.2 percent between 1989 and 1999 after adjusting for inflation (Table 4.6a). Only the San Francisco Bay Area had a larger increase in per capita income. The number of high-income families grew from 3,351 (8.0 percent of all families) in 1989 to 5,743 (12.0 percent of all families) in 1999.¹⁰²

Median family income increased by more than 8 percent between 1989 and 1999 in the seven counties in the region after adjusting for inflation, including a 32.3 percent rise in Alpine County (Appendix 1).¹⁰³ However, every county had a lower median family income in 1999 than the state as a whole (\$53,025), ranging from \$44,327 in Tuolumne County to \$51,226 in Amador County. Latino-headed families in the region generally had somewhat or substantially lower median incomes in 1999 than white-headed families.¹⁰⁴

Indicators Of Hardship

Despite upward income trends for families at the middle and top of the income spectrum, many families did not benefit from the strong economic growth of the late 1990s. The poverty rate increased for the Central Sierra region, from 10.0 percent in 1989 to 11.6 percent in 1999 (Table 4.6a). The percentage of children living under the federal poverty level increased from 14.4 percent in 1989 to 16.1 percent in 1999. In addition, more than two in every five renters (42.5 percent) spent at least 30 percent of their income on rent during 1999, as compared to 41.4 percent in 1989. Nearly one in six non-elderly residents of the region (15.0 percent) lacked health insurance coverage in 2001.¹⁰⁵

Many families with incomes well above the poverty level may struggle to make ends meet. The California Budget Project (CBP) estimated how much families need to earn in order to achieve a modest standard of living without government assistance. According to CBP estimates, a family of three with one working parent and two young children in the Central Sierra region would need to earn \$35,449 per year. A family of four with two working parents would need to earn \$44,200.¹⁰⁶ These figures are equivalent to more than two-thirds of county median family incomes in the region, which ranged from \$44,327 to \$51,226. This indicates that many families in the region, including those with incomes not far below the median, may struggle to meet their economic needs.

Income Inequality

State income tax data disclose a high degree of income inequality in the region (Table 4.6c).¹⁰⁷ Approximately one in every 20 taxpayers (5.3 percent) had an adjusted gross income (AGI) of at least \$100,000, yet they earned nearly a quarter (24.2 percent) of the region's total AGI. In contrast, over half (53.4 percent) of taxpayers in the region had an AGI below \$30,000 in 1999. These taxpayers earned less than one-fifth (18.6 percent) of the region's total income in 1999. Despite substantial income inequality, the Central Sierra region has the lowest degree of all regions in the state, according to the Gini index, a standard measure of income inequality. This is in part because the region's high-income taxpayers tend to have lower incomes than in other non-urban regions.¹⁰⁸

Table 4.6c: Distribution Of Adjusted Gross Income (AGI), 1999

<u>Income Group</u>	<u>Percentage Of Tax Returns</u>	<u>Percentage Of Total AGI</u>
Under \$10,000	18.5%	1.4%
\$10,000 - \$29,999	34.8%	17.2%
\$30,000 - \$49,999	20.4%	20.6%
\$50,000 - \$69,999	12.7%	19.3%
\$70,000 - \$99,999	8.2%	17.4%
\$100,000 And Over	5.3%	24.2%
Total	100.0%	100.0%

Note: Does not include Alpine County.
Source: Franchise Tax Board

Region 7: Central Coast

Monterey, San Benito, San Luis Obispo, And Santa Barbara Counties

Regional Profile

The four counties of the Central Coast region include 3.2 percent of the state's population (Table 4.7a). Between 1990 and 2000 the region's population grew by 12.4 percent, slightly less than the state's population growth of 13.8 percent. In 2000, a similar share of the region's residents aged 25 years and older had a high school degree (76.6 percent) and a college degree (25.7 percent) as did Californians as a whole (76.8 and 26.6 percent, respectively).

Table 4.7a: Regional Profile				
Population				
Population, 2001	1,120,900			
Share Of State Population, 2001	3.2%			
Percent Population Change, 1990-2000	12.4%			
Education				
Percentage Of Population 25 Years And Older Who Are High School Graduates, 2000	76.6%			
Percentage Of Population 25 Years And Older Who Are College Graduates, 2000	25.7%			
Health Insurance Coverage			<u>Number</u>	<u>Percentage</u>
Persons Under 65 Years Of Age Without Health Insurance, 2001			285,000	15.7%
	<u>1989</u>		<u>1999</u>	
Economic Well-Being	<u>Number</u>	<u>Percentage</u>	<u>Number</u>	<u>Percentage</u>
Per Capita Income (1999 Dollars)	\$20,341		\$21,632	
High-Income Families	33,528	14.4%	44,478	17.7%
Persons In Poverty	113,864	12.3%	141,794	13.5%
Children In Poverty	36,769	15.5%	44,320	16.1%
Renter Households That Spend At Least 30 Percent Of Income On Housing	67,277	49.9%	67,683	47.6%

Notes: High-income families are defined as those with family incomes higher than \$75,000 in 1989 (1989 dollars) or higher than \$100,000 in 1999 (1999 dollars). These two income levels are comparable after adjusting for inflation. Health insurance coverage figures are for six Central Coast counties, including Santa Cruz and Ventura Counties.

Source: US Census Bureau and UCLA Center for Health Policy Research

Employment And Jobs

Employment in the Central Coast region grew strongly in the late 1990s. The total number of employed persons in the region was 514,410 in 2001, 17.3 percent higher than in 1989 (Table 4.7b). The number of employed persons increased to 528,610 in August 2002. The unemployment rate in 2001 was 5.6 percent, slightly higher than the state rate of 5.3 percent. In comparison, the unemployment rate in the region in 1989, the height of the previous economic expansion, was 5.8 percent. The unemployment rate in August 2002 was 4.6 percent.

Table 4.7b: Employment Trends By Sector						
	<u>Annual Average</u>				<u>Absolute Change</u>	<u>Percent Change</u>
	<u>1989</u>	<u>2000</u>	<u>2001</u>	<u>August 2002</u>	<u>1989-2001</u>	<u>1989-2001</u>
Labor Force	465,220	543,620	545,220	554,130	80,000	17.2%
Employment	438,430	511,870	514,410	528,610	75,980	17.3%
Unemployment	26,790	31,750	30,710	25,520	3,920	14.6%
Unemployment Rate	5.8%	5.8%	5.6%	4.6%	-0.1%	
Total, All Industries	376,820	459,840	465,990	480,130	89,170	23.7%
Total Nonfarm	331,810	401,320	406,400	406,520	74,590	22.5%
Construction	16,340	22,800	23,920	24,440	7,580	46.4%
Manufacturing	39,540	36,940	37,180	36,330	-2,360	-6.0%
Transportation And Public Utilities	14,240	15,190	14,990	14,610	750	5.3%
Trade	86,610	102,150	102,050	103,330	15,440	17.8%
Finance, Insurance, And Real Estate	17,550	19,770	20,230	19,770	2,680	15.3%
Services	84,090	116,310	117,310	117,700	33,220	39.5%
Government	73,530	88,360	90,720	90,340	17,190	23.4%

Note: August 2002 data are not seasonally adjusted. Labor force, employment, and unemployment estimates are not directly comparable to industry estimates. Labor force, employment, and unemployment estimates reflect the status of civilians by place of residence and are based on the Current Population Survey. Industry employment data reflect jobs by place of work and are employer data collected in the Current Employment Survey. For more information on survey methodologies, see <http://www.calmis.ca.gov/file/resource/indlcomp.htm>. Construction jobs include those in the mining industry, which represent 3.0 percent of construction jobs in the state as a whole.

Source: Employment Development Department

The total number of jobs grew by 89,170 (23.7 percent) between 1989 and 2001, representing somewhat stronger growth than the statewide increase of 19.6 percent. The service sector accounted for over a third of job growth in the region, increasing by 33,220 jobs (39.5 percent). The number of jobs in the public sector grew by 17,190 (23.4 percent), and the trade sector grew by 15,440 jobs (17.8 percent). In contrast, the manufacturing sector lost 2,360 jobs (6.0 percent). On a statewide basis, manufacturing jobs paid 40 percent more than the average California job in 2000.

Income Trends

By a number of measures, income increased in the 1990s in the region. Per capita income, or total income divided by the total number of persons, was \$21,632 in 1999, an increase of 6.3 percent between 1989 and 1999 after adjusting for inflation (Table 4.7a). The number of high-income families grew from 33,528 (14.4 percent of all families) in 1989 to 44,478 (17.7 percent of all families) in 1999.¹⁰⁹

Median family income increased by more than 8 percent between 1989 and 1999 in three of the four counties in the region after adjusting for inflation, including a 17.9 percent rise in San Benito County (Appendix 1). Median family income in Santa Barbara County increased by just 0.8 percent between 1989 and 1999. Median income in 1999 ranged from \$51,169 in Monterey County to \$60,665 in San Benito County, as compared to the statewide median of \$53,025. Black- and Latino-headed families in the region generally had substantially lower median incomes in 1999 than white- and Asian-headed families. However, black-headed families in San Benito County had a higher median income than white-headed families.

Indicators Of Hardship

Despite upward income trends for families at the middle and top of the income spectrum, many families did not benefit from the strong economic growth of the late 1990s. The poverty rate increased for the Central Coast region, from 12.3 percent in 1989 to 13.5 percent in 1999 (Table 4.7a). The percentage of children living under the federal poverty level increased from 15.5 percent in 1989 to 16.1 percent in 1999. In addition, nearly half of all renters (47.6 percent) spent at least 30 percent of their income on rent during 1999, as compared to 49.9 percent in 1989. Nearly one in six non-elderly residents of the region (15.7 percent) lacked health insurance coverage in 2001.¹¹⁰

Many families with incomes well above the poverty level may struggle to make ends meet. The California Budget Project (CBP) estimated how much families need to earn in order to achieve a modest standard of living without government assistance. According to CBP estimates, a family of three with one working parent and two young children in the Central Coast region would need to earn \$39,626 per year. A family of four with two working parents would need to earn \$48,700.¹¹¹ These figures are similar to county median family incomes in the region, which ranged from \$51,169 to \$60,665. This indicates that many families with incomes at or below the median may struggle to meet their economic needs.

Income Inequality

State income tax data disclose a high degree of income inequality in the region (Table 4.7c).¹¹² Fewer than one in every ten taxpayers (8.3 percent) had an adjusted gross income (AGI) of at least \$100,000, yet they earned close to half (44.7 percent) of the region's total AGI. In contrast, over half (53.0 percent) of taxpayers in the region had an AGI below \$30,000 in 1999. These taxpayers earned only 13.9 percent of the region's total income in 1999. The Central Coast has the third highest degree of income inequality among regions in the state, according to the Gini index, a standard measure of income inequality.¹¹³

Table 4.7c: Distribution Of Adjusted Gross Income (AGI), 1999

<u>Income Group</u>	<u>Percentage Of Tax Returns</u>	<u>Percentage Of Total AGI</u>
Under \$10,000	18.7%	1.0%
\$10,000 - \$29,999	34.3%	13.0%
\$30,000 - \$49,999	19.4%	14.9%
\$50,000 - \$69,999	10.9%	12.7%
\$70,000 - \$99,999	8.3%	13.7%
\$100,000 And Over	8.3%	44.7%
Total	100.0%	100.0%

Source: Franchise Tax Board

Region 8: Los Angeles County

Regional Profile

Los Angeles County is the largest county in the nation and includes over a quarter (28.0 percent) of the state's population (Table 4.8a). Between 1990 and 2000 the region's population grew by 7.4 percent, as compared to the state's population growth of 13.8 percent. In 2000, fewer of the region's residents aged 25 years and older had a high school degree (69.9 percent) or a college degree (24.9 percent) than Californians as a whole (76.8 and 26.6 percent, respectively).

Table 4.8a: Regional Profile

Population

Population, 2001	9,748,500
Share Of State Population, 2001	28.0%
Percent Population Change, 1990-2000	7.4%

Education

Percentage Of Population 25 Years And Older Who Are High School Graduates, 2000	69.9%
Percentage Of Population 25 Years And Older Who Are College Graduates, 2000	24.9%

Health Insurance Coverage

	<u>Number</u>	<u>Percentage</u>
Persons Under 65 Years Of Age Without Health Insurance, 2001	1,677,000	19.8%

	<u>1989</u>		<u>1999</u>	
Economic Well-Being	<u>Number</u>	<u>Percentage</u>	<u>Number</u>	<u>Percentage</u>
Per Capita Income (1999 Dollars)	\$20,959		\$20,683	
High-Income Families	367,500	18.0%	371,338	17.2%
Persons In Poverty	1,308,255	15.1%	1,674,599	17.9%
Children In Poverty	496,504	21.9%	640,145	24.6%
Renter Households That Spend At Least 30 Percent Of Income On Housing	723,382	48.9%	713,769	46.2%

Note: High-income families are defined as those with family incomes higher than \$75,000 in 1989 (1989 dollars) or higher than \$100,000 in 1999 (1999 dollars). These two income levels are comparable after adjusting for inflation.

Source: US Census Bureau and UCLA Center for Health Policy Research

Employment And Jobs

Employment in Los Angeles County grew moderately in the late 1990s after falling 4.7 percent between 1989 and 1994. The total number of employed persons in the region was 4,598,200 in 2001, 10.1 percent higher than in 1989 (Table 4.8b). The number of employed persons fell to 4,544,000 in August 2002. The unemployment rate in 2001 was 5.7 percent, as compared to the statewide rate of 5.3 percent. In comparison, the unemployment rate in the region in 1989, the height of the previous economic expansion, was 5.5 percent. The unemployment rate in August 2002 was 6.8 percent.

Table 4.8b: Employment Trends By Sector

	<u>Annual Average</u>				<u>Absolute Change 1989-2001</u>	<u>Percent Change 1989-2001</u>
	<u>1989</u>	<u>2000</u>	<u>2001</u>	<u>August 2002</u>		
Labor Force	4,418,000	4,761,400	4,875,200	4,875,100	457,200	10.3%
Employment	4,176,400	4,506,100	4,598,200	4,544,000	421,800	10.1%
Unemployment	241,600	255,300	277,000	331,100	35,400	14.7%
Unemployment Rate	5.5%	5.4%	5.7%	6.8%	0.2%	
Total, All Industries	4,124,800	4,079,800	4,102,100	4,045,300	-22,700	-0.6%
Total Nonfarm	4,111,500	4,072,100	4,093,900	4,036,400	-17,600	-0.4%
Construction	141,500	134,900	137,500	136,500	-4,000	-2.8%
Manufacturing	864,000	627,000	605,700	581,800	-258,300	-29.9%
Transportation And Public Utilities	210,500	244,100	247,800	249,200	37,300	17.7%
Trade	954,300	905,300	906,400	903,400	-47,900	-5.0%
Finance, Insurance, And Real Estate	273,200	230,000	233,100	235,400	-40,100	-14.7%
Services	1,146,100	1,349,700	1,364,800	1,350,100	218,700	19.1%
Government	521,800	581,300	598,700	580,000	76,900	14.7%

Note: August 2002 data are not seasonally adjusted. Labor force, employment, and unemployment estimates are not directly comparable to industry estimates. Labor force, employment, and unemployment estimates reflect the status of civilians by place of residence and are based on the Current Population Survey. Industry employment data reflect jobs by place of work and are employer data collected in the Current Employment Survey. For more information on survey methodologies, see <http://www.calmis.ca.gov/file/resource/indlfoomp.htm>. Construction jobs include those in the mining industry, which represent 3.0 percent of construction jobs in the state as a whole.

Source: Employment Development Department

Los Angeles County was the only region in the state to lose jobs between 1989 and 2001. The total number of industry jobs declined by 22,700 (0.6 percent), reflecting a loss of manufacturing jobs in the early 1990s and a gain of service jobs in the late 1990s. The total number of jobs fell by 414,400 (10.0 percent) between 1989 and 1994, led by a loss of 222,500 manufacturing jobs. Los Angeles County gained 391,700 jobs between 1994 and 2001, more than half of which were in the service sector. The service sector grew by 218,700 jobs (19.1 percent) between 1989 and 2001. The number of jobs in the public sector increased by 76,900 (14.7 percent) over the same period. Between 2001 and August 2002, the region lost 56,800 additional jobs, primarily in the manufacturing and public sectors (23,900 and 18,700 jobs, respectively). On a statewide basis, manufacturing jobs paid 40 percent more than the average California job in 2000, while services jobs paid approximately the same as the average job in the state.

Income Trends

In contrast to other regions, income decreased in the Los Angeles County region by a number of measures. Per capita income, or total income divided by the total number of persons, was \$20,683 in 1999, 1.3 percent lower than in 1989, after adjusting for inflation (Table 4.8a). In contrast, per capita income increased in the state as a whole by 6.6 percent over the same period. Median family income fell by 8.3 percent between 1989 and 1999, the largest decline in any of the counties in the state (Appendix 1). Median family income fell to \$46,452 in 1999, as compared to the statewide median of \$53,025. Asian-headed families in Los Angeles County had somewhat lower median family income, and black- and Latino-headed families had substantially lower median family income, than white-headed families. The share of families with high incomes fell from 18.0 percent in 1989 to 17.2 percent in 1999 (Table 4.8a).¹¹⁴ Wage trends of workers in Los Angeles County are discussed in detail in Chapter 2.

Indicators Of Hardship

The sluggish economy in Los Angeles contributed to higher poverty rates. The poverty rate increased by more than 2 percentage points for Los Angeles County, from 15.1 percent in 1989 to 17.9 percent in 1999 (Table 4.8a). The percentage of children living under the federal poverty level increased from 21.9 percent in 1989 to 24.6 percent in 1999. In addition, nearly half of all renters (46.2 percent) spent at least 30 percent of their income on rent during 1999, as compared to 48.9 percent in 1989. One in five non-elderly residents of the region (19.8 percent) lacked health insurance coverage in 2001.¹¹⁵

Many families with incomes well above the poverty level, including those with incomes up to the median, may struggle to make ends meet. The California Budget Project (CBP) estimated how much families need to earn in order to achieve a modest standard of living without government assistance. According to CBP estimates, a family of three with one working parent and two young children in Los Angeles County would need to earn \$42,845 per year. A family of four with two working parents would need to earn \$51,459.¹¹⁶ These figures are similar to the median family income of \$46,452. This indicates that many families with incomes at or near the median may struggle to meet their economic needs.

Income Inequality

State income tax data disclose a high degree of income inequality in the region (Table 4.8c).¹¹⁷ Fewer than one in every ten taxpayers (8.0 percent) had an adjusted gross income (AGI) of at least \$100,000, yet they earned nearly half (47.2 percent) of the region's total AGI. In contrast, over half (56.6 percent) of taxpayers in the region had an AGI below \$30,000 in 1999. These taxpayers earned only 15.2 percent of the region's total income in 1999. Los Angeles County has the highest degree of income inequality among all regions in the state, according to the Gini index, a standard measure of income inequality. While high-income taxpayers constitute a smaller share of taxpayers in Los Angeles County than in the San Francisco Bay Area, these taxpayers tend to have higher incomes than their counterparts in the Bay Area.¹¹⁸

Table 4.8c: Distribution Of Adjusted Gross Income (AGI), 1999

<u>Income Group</u>	<u>Percentage Of Tax Returns</u>	<u>Percentage Of Total AGI</u>
Under \$10,000	19.6%	1.0%
\$10,000 - \$29,999	37.0%	14.1%
\$30,000 - \$49,999	18.7%	14.6%
\$50,000 - \$69,999	9.6%	11.3%
\$70,000 - \$99,999	7.0%	11.7%
\$100,000 And Over	8.0%	47.2%
Total	100.0%	100.0%

Source: Franchise Tax Board

Region 9: Southern California

Orange, Riverside, San Bernardino, And Ventura Counties

Regional Profile

The Southern California region includes four counties and accounts for one-fifth (20.3 percent) of the state's population (Table 4.9a). Between 1990 and 2000 the region's population grew by 20.9 percent, one and a half times the state's population growth of 13.8 percent. In 2000, more of the region's residents aged 25 years and older had a high school degree (77.3 percent), but fewer had a college degree (23.7 percent), than Californians as a whole (76.8 and 26.6 percent, respectively).

Population				
Population, 2001				7,068,000
Share Of State Population, 2001				20.3%
Percent Population Change, 1990-2000				20.9%
Education				
Percentage Of Population 25 Years And Older Who Are High School Graduates, 2000				77.3%
Percentage Of Population 25 Years And Older Who Are College Graduates, 2000				23.7%
Health Insurance Coverage				
Percentage Of Persons Under 65 Years Of Age Without Health Insurance, 2001				15.6%
	<u>1989</u>		<u>1999</u>	
Economic Well-Being	<u>Number</u>	<u>Percentage</u>	<u>Number</u>	<u>Percentage</u>
Per Capita Income (1999 Dollars)	\$21,941		\$21,845	
High-Income Families	273,530	19.4%	333,299	20.3%
Persons In Poverty	555,019	10.0%	835,511	12.4%
Children In Poverty	212,144	14.1%	328,187	16.8%
Renter Households That Spend At Least 30 Percent Of Income On Housing	323,530	48.0%	331,966	44.8%

Notes: High-income families are defined as those with family incomes higher than \$75,000 in 1989 (1989 dollars) or higher than \$100,000 in 1999 (1999 dollars). These two income levels are comparable after adjusting for inflation. Health insurance coverage figure is for Imperial, Orange, Riverside, San Bernardino, and San Diego Counties.

Source: US Census Bureau and UCLA Center for Health Policy Research

Employment And Jobs

Employment in the Southern California region grew strongly in the late 1990s. The total number of employed persons in the region was 3,379,700 in 2001, 25.7 percent higher than in 1989 (Table 4.9b). The number of employed persons increased to 3,436,800 in August 2002. The unemployment rate in 2001 was 4.1 percent, more than a percentage point lower than the state rate of 5.3 percent. In comparison, the unemployment rate in the region in 1989, the height of the previous economic expansion, was 4.2 percent. The unemployment rate in August 2002 was 5.1 percent.

	<u>Annual Average</u>				<u>Absolute Change 1989-2001</u>	<u>Percent Change 1989-2001</u>
	<u>1989</u>	<u>2000</u>	<u>2001</u>	<u>August 2002</u>		
Labor Force	2,806,000	3,444,300	3,522,200	3,620,100	716,200	25.5%
Employment	2,687,100	3,309,700	3,379,000	3,436,800	691,900	25.7%
Unemployment	118,900	134,700	143,100	183,300	24,200	20.4%
Unemployment Rate	4.2%	3.9%	4.1%	5.1%	-0.2%	
Total, All Industries	2,091,500	2,701,000	2,777,000	2,783,900	685,500	32.8%
Total Nonfarm	2,046,500	2,652,400	2,727,600	2,742,500	681,100	33.3%
Construction	138,500	174,200	185,200	194,300	46,700	33.7%
Manufacturing	368,500	396,100	391,100	385,100	22,600	6.1%
Transportation And Public Utilities	78,600	112,500	115,600	114,600	37,000	47.1%
Trade	521,100	652,400	673,000	677,600	151,900	29.1%
Finance, Insurance, And Real Estate	131,600	154,000	163,700	167,500	32,100	24.4%
Services	508,000	780,100	802,200	814,900	294,200	57.9%
Government	300,400	383,000	396,900	388,500	96,500	32.1%

Note: August 2002 data are not seasonally adjusted. Labor force, employment, and unemployment estimates are not directly comparable to industry estimates. Labor force, employment, and unemployment estimates reflect the status of civilians by place of residence and are based on the Current Population Survey. Industry employment data reflect jobs by place of work and are employer data collected in the Current Employment Survey. For more information on survey methodologies, see <http://www.calmis.ca.gov/file/resource/indlcomp.htm>. Construction jobs include those in the mining industry, which represent 3.0 percent of construction jobs in the state as a whole.

Source: Employment Development Department

The total number of jobs grew by 685,500 (32.8 percent) between 1989 and 2001, representing substantially stronger growth than the statewide increase of 19.6 percent. The service sector accounted for close to half of all job growth in the region, growing by 294,200 jobs (57.9 percent). The number of jobs in the trade sector grew by 151,900 (29.1 percent). In contrast, the manufacturing sector gained 22,600 jobs (6.1 percent). On a statewide basis, manufacturing jobs paid 40 percent more than the average California job in 2000, while service sector jobs paid approximately the same as the average job in the state.

Income Trends

In contrast to most other regions of the state, income was stagnant in the 1990s in Southern California. Per capita income, or total income divided by the total number of persons, was \$21,845 in 1999, a decline of 0.4 percent between 1989 and 1999 after adjusting for inflation (Table 4.9a). However, the number of high-income families grew from 273,530 (19.4 percent of all families) in 1989 to 333,299 (20.3 percent of all families) in 1999.¹¹⁹

Median family income declined by one percent or more between 1989 and 1999 in three of the four counties in the region after adjusting for inflation (Appendix 1).¹²⁰ Median family income in 1999 ranged from \$46,574 in San Bernardino County to \$65,285 in Ventura County. Black- and Latino-headed families in the region generally had substantially lower median incomes in 1999 than white- and Asian-headed families.

Indicators Of Hardship

In contrast to stagnant income trends for families at the middle and top of the income spectrum, poverty increased in the region. The poverty rate increased for the Southern California region, from 10.0 percent in 1989 to 12.4 percent in 1999 (Table 4.9a). The percentage of children living under the federal poverty level increased from 14.1 percent in 1989 to 16.8 percent in 1999. In addition, nearly half of all renters (44.8 percent) spent at least 30 percent of their income on rent during 1999, as compared to 48.0 percent in 1989. Nearly one in six non-elderly residents of the region (15.6 percent) lacked health insurance coverage in 2001.¹²¹

Many families with incomes well above the poverty level may struggle to make ends meet. The California Budget Project (CBP) estimated how much families need to earn in order to achieve a modest standard of living without government assistance. According to CBP estimates, a family of three with one working parent and two young children in the Southern California region would need to earn \$42,380 per year. A family of four with two working parents would need to earn \$50,993.¹²² These figures are about two-thirds or more than county median family incomes in the region, which ranged from \$46,575 to \$65,285. This indicates that many families in the region, including those with incomes near the median, may struggle to meet their economic needs.

Income Inequality

State income tax data disclose a high degree of income inequality in the region (Table 4.9c).¹²³ Fewer than one in every ten taxpayers (9.4 percent) had an adjusted gross income (AGI) of at least \$100,000, yet they earned close to half (43.1 percent) of the region's total AGI. In contrast, half (50.5 percent) of taxpayers in the region had an AGI below \$30,000 in 1999. These taxpayers earned only 13.5 percent of the region's total income in 1999. The Southern California region has a higher degree of income inequality than rural regions, but a lower degree than most other urban regions in the state, according to the Gini index, a standard measure of income inequality.¹²⁴

Table 4.9c: Distribution Of Adjusted Gross Income (AGI), 1999

<u>Income Group</u>	<u>Percentage Of Tax Returns</u>	<u>Percentage Of Total AGI</u>
Under \$10,000	17.6%	1.1%
\$10,000 - \$29,999	32.9%	12.4%
\$30,000 - \$49,999	19.2%	14.8%
\$50,000 - \$69,999	11.5%	13.4%
\$70,000 - \$99,999	9.3%	15.2%
\$100,000 And Over	9.4%	43.1%
Total	100.0%	100.0%

Source: Franchise Tax Board

Region 10: Southern Border

Imperial And San Diego Counties

Regional Profile

The two counties in the Southern Border region account for 8.7 percent of the state's population (Table 4.10a). Between 1990 and 2000 the region's population grew by 13.4 percent, as compared to the state's population growth of 13.8 percent. In 2000, more of the region's residents aged 25 years and older had a high school degree (81.5 percent) and a college degree (28.7 percent) than Californians as a whole (76.8 and 26.6 percent, respectively).

Population				
Population, 2001			3,040,500	
Share Of State Population, 2001			8.7%	
Percent Population Change, 1990-2000			13.4%	
Education				
Percentage Of Population 25 Years And Older Who Are High School Graduates, 2000			81.5%	
Percentage Of Population 25 Years And Older Who Are College Graduates, 2000			28.7%	
Health Insurance Coverage				
Percentage Of Persons Under 65 Years Of Age Without Health Insurance, 2001			15.6%	
			<u>1989</u>	
			<u>1999</u>	
Economic Well-Being	<u>Number</u>	<u>Percentage</u>	<u>Number</u>	<u>Percentage</u>
Per Capita Income (1999 Dollars)	\$20,670		\$22,460	
High-Income Families	95,819	15.2%	129,310	18.5%
Persons In Poverty	296,907	11.9%	368,080	12.9%
Children In Poverty	108,296	17.1%	132,473	17.6%
Renter Households That Spend At Least 30 Percent Of Income On Housing	199,558	49.3%	195,309	45.4%

Notes: High-income families are defined as those with family incomes higher than \$75,000 in 1989 (1989 dollars) or higher than \$100,000 in 1999 (1999 dollars). These two income levels are comparable after adjusting for inflation. Health insurance coverage figure is for Imperial, Orange, Riverside, San Bernardino, and San Diego Counties.

Source: US Census Bureau and UCLA Center for Health Policy Research

Employment And Jobs

Employment in the Southern Border region grew strongly in the late 1990s. The total number of employed persons in the region was 1,422,900 in 2001, 22.3 percent higher than in 1989 (Table 4.10b). The number of employed persons increased to 1,460,000 in August 2002. The unemployment rate in 2001 was 3.9 percent, more than one percentage point lower than the state rate of 5.3 percent. In comparison, the unemployment rate in the region in 1989, the height of the previous economic expansion, was 4.7 percent. The unemployment rate in August 2002 was also 4.7 percent.

	<u>Annual Average</u>				<u>Absolute Change 1989-2001</u>	<u>Percent Change 1989-2001</u>
	<u>1989</u>	<u>2000</u>	<u>2001</u>	<u>August 2002</u>		
Labor Force	1,220,400	1,460,300	1,480,300	1,532,400	259,900	21.3%
Employment	1,163,600	1,403,000	1,422,900	1,460,000	259,300	22.3%
Unemployment	56,800	57,400	57,500	72,400	700	1.2%
Unemployment Rate	4.7%	3.9%	3.9%	4.7%	-0.8%	
Total, All Industries	993,300	1,255,600	1,284,200	1,300,900	290,900	29.3%
Total Nonfarm	965,600	1,231,900	1,260,600	1,277,300	295,000	30.6%
Construction	57,700	72,200	75,300	79,100	17,600	30.5%
Manufacturing	133,400	131,100	132,500	130,400	-900	-0.7%
Transportation And Public Utilities	36,600	52,700	54,000	52,700	17,400	47.5%
Trade	240,400	278,400	281,500	288,600	41,100	17.1%
Finance, Insurance, And Real Estate	63,800	70,600	72,100	73,800	8,300	13.0%
Services	255,700	404,900	415,200	429,500	159,500	62.4%
Government	178,100	222,100	230,000	223,200	51,900	29.1%

Note: August 2002 data are not seasonally adjusted. Labor force, employment, and unemployment estimates are not directly comparable to industry estimates. Labor force, employment, and unemployment estimates reflect the status of civilians by place of residence and are based on the Current Population Survey. Industry employment data reflect jobs by place of work and are employer data collected in the Current Employment Survey. For more information on survey methodologies, see <http://www.calmis.ca.gov/file/resource/indlcomp.htm>. Construction jobs include those in the mining industry, which represent 3.0 percent of construction jobs in the state as a whole.

Source: Employment Development Department

The total number of jobs grew by 290,900 (29.3 percent) between 1989 and 2001, representing stronger growth than the statewide increase of 19.6 percent. The service sector accounted for over half of all job growth in the region, increasing by 159,500 jobs (62.4 percent). The number of jobs in the public sector grew by 51,900 (29.1 percent). In contrast, the manufacturing sector lost 900 jobs (0.7 percent) between 1989 and 2001, and an additional 2,100 jobs between 2001 and August 2002. On a statewide basis, manufacturing jobs paid 40 percent more than the average California job in 2000, while service sector jobs paid approximately the same as the average job in the state.

Income Trends

By a number of measures, income increased in the 1990s in the region. Per capita income, or total income divided by the total number of persons, was \$22,460 in 1999, an increase of 8.7 percent between 1989 and 1999 after adjusting for inflation (Table 4.10a). The number of high-income families grew from 95,819 (15.2 percent of all families) in 1989 to 129,310 (18.5 percent of all families) in 1999.¹²⁵

Median family income increased by 3.5 percent in San Diego County and 7.9 percent in Imperial County between 1989 and 1999 (Appendix 1). The 1999 median family income in Imperial County (\$35,226) was substantially lower than the statewide median of \$53,025. The median family income in San Diego County (\$53,438) was comparable to the statewide median. Black- and Latino-headed families in the region had substantially lower median incomes in 1999 than white- and Asian-headed families.

Indicators Of Hardship

Despite upward income trends for families at the middle and top of the income spectrum, many families did not benefit from the strong economic growth of the late 1990s. The poverty rate increased for the Southern Border region, from 11.9 percent in 1989 to 12.9 percent in 1999 (Table 4.10a). The percentage of children living under the federal poverty level increased from 17.1 percent in 1989 to 17.6 percent in 1999. In addition, nearly half of all renters (45.4 percent) spent at least 30 percent of their income on rent during 1999, as compared to 49.3 percent in 1989. Nearly one in six non-elderly residents of the region (15.6 percent) lacked health insurance coverage in 2001.¹²⁶

Many families with incomes well above the poverty level, including some families with incomes above the median, may struggle to make ends meet. The California Budget Project (CBP) estimated how much families need to earn in order to achieve a modest standard of living without government assistance. According to CBP estimates, a family of three with one working parent and two young children in the Southern Border region would need to earn \$44,004 per year. A family of four with two working parents would need to earn \$52,633.¹²⁷ These figures are higher than the median family income in Imperial County (\$35,226) and not much less than the median family income in San Diego County (\$53,438). This indicates that many families with incomes near or even above the median may struggle to meet their economic needs.

Income Inequality

State income tax data disclose a high degree of income inequality in the region (Table 4.10c).¹²⁸ Fewer than one in every ten taxpayers (8.8 percent) had an adjusted gross income (AGI) of at least \$100,000, yet they earned close to half (44.2 percent) of the region's total AGI. In contrast, over half (52.5 percent) of taxpayers in the region had an AGI below \$30,000 in 1999. These taxpayers earned less than a quarter (14.4 percent) of the region's total income in 1999. The Southern Border region has a higher degree of income inequality among taxpayers than most regions in the state, according to the Gini index, a standard measure of income inequality. This is in part because a relatively large share of taxpayers in the region have high incomes.¹²⁹

Table 4.10c: Distribution Of Adjusted Gross Income (AGI), 1999

<u>Income Group</u>	<u>Percentage Of Tax Returns</u>	<u>Percentage Of Total AGI</u>
Under \$10,000	17.6%	1.2%
\$10,000 - \$29,999	34.8%	13.2%
\$30,000 - \$49,999	19.3%	14.9%
\$50,000 - \$69,999	10.9%	12.7%
\$70,000 - \$99,999	8.5%	13.9%
\$100,000 And Over	8.8%	44.2%
Total	100.0%	100.0%

Source: Franchise Tax Board

ENDNOTES

- ¹ All wage and income data presented here are adjusted for inflation with the CPI-U-RS series.
- ² For the wage analyses in this report, the Bay Area includes Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma Counties.
- ³ Pension coverage statistics are derived from pooled data for 1979-81, 1988-90, and 1999-2001.
- ⁴ These figures are based on the California Budget Project's basic family budget as described in *Making Ends Meet: How Much Does It Cost To Raise A Family In California?* (September 2001).
- ⁵ These figures are based on the California Budget Project's basic family budget as described in *Making Ends Meet: How Much Does It Cost To Raise A Family In California?* (September 2001).
- ⁶ These figures are based on the California Budget Project's basic family budget as described in *Making Ends Meet: How Much Does It Cost To Raise A Family In California?* (September 2001).
- ⁷ This does not include so-called "discouraged workers" who are no longer actively seeking employment.
- ⁸ Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Santa Cruz, Solano, and Sonoma Counties.
- ⁹ Median household income includes amounts earned by individuals, as well as related family members and unrelated people, if any, such as lodgers, foster children, wards, or employees who share a housing unit.
- ¹⁰ This report compares California to the ten next most populous states: Florida, Georgia, Illinois, Michigan, New Jersey, New York, North Carolina, Ohio, Pennsylvania, and Texas. However, for income inequality comparisons, Massachusetts is used instead of Georgia in order to ensure reliable income estimates for the top 5 percent of families. For further detail, see Economic Policy Institute and Center on Budget and Policy Priorities, *Pulling Apart: A State-by-State Analysis of Income Trends* (April 2002).
- ¹¹ CBP analysis of US Bureau of Economic Analysis data, downloaded from <http://www.bea.doc.gov/bea/regional/spi> on July 23, 2002. Adjusted for inflation by CBP using the CPI-U-RS series. The per capita income gain in the US as a whole was 18.3 percent between 1989 and 2001, and 45.2 percent between 1979 and 2001, after adjusting for inflation. Annual income can vary due to a number of factors, including hourly compensation and number of hours worked. However, a recent study by the Employment Development Department finds that the share of part-time workers has remained fairly constant between 1990 and 2000, ranging from 17 to 20 percent. This suggests that a shift from part-time to full-time work is unlikely to be the cause of the growth in annual income. Employment Development Department, *Part-Time and Seasonal Employment In Nonagricultural Industries* (March 2002), p. 6, downloaded from www.calmis.ca.gov on June 20, 2002.
- ¹² Economic Policy Institute and Center on Budget and Policy Priorities, *Pulling Apart: A State-by-State Analysis of Income Trends* (April 2002), p. ix.
- ¹³ Economic Policy Institute and Center on Budget and Policy Priorities, *Pulling Apart: A State-by-State Analysis of Income Trends* (April 2002).
- ¹⁴ Economic Policy Institute and Center on Budget and Policy Priorities, *Pulling Apart: A State-by-State Analysis of Income Trends* (April 2002).
- ¹⁵ The other four states were Wyoming, Arizona, Ohio, and New York. Economic Policy Institute and Center on Budget and Policy Priorities, *Pulling Apart: A State-by-State Analysis of Income Trends* (April 2002).
- ¹⁶ Adjusted gross income includes most sources of income, including capital gains, but excludes certain income not subject to tax in California such as Social Security and unemployment benefits. These data reflect individuals required to file California personal income tax returns and thus exclude many low-income families.
- ¹⁷ This group does not include many of California's poorest families who are not required to file tax returns.
- ¹⁸ See the methodology section for further discussion of top-coding.
- ¹⁹ State income tax revenues dropped sharply in 2001, reflecting, in large part, the fall in the stock market and the drop in capital gains and stock option related income.
- ²⁰ Franchise Tax Board memorandum (December 4, 2001). This figure does not include the value of stock options. Estimates suggest that stock options were equivalent to about 60 percent of the income generated by capital gains in 1999 and approximately 90 percent of the income generated by capital gains in 2000. See Department of Finance, *Governor's 2001-02 Budget Summary* (January 2001), pp. 77 and 85.
- ²¹ Deborah Reed and Richard Van Swearingen, *Poverty in California: Levels, Trends and Demographic Dimensions* (Public Policy Institute of California: November 2001), p. 3.
- ²² Constance F. Citro and Robert T. Michael, eds., *Measuring Poverty: A New Approach* (Washington, DC: National Academy Press, 1995). The FPL is determined by family size and is indexed annually for inflation.
- ²³ Constance F. Citro and Robert T. Michael, eds., *Measuring Poverty: A New Approach* (Washington, DC: National Academy Press, 1995), pp. 109-110.
- ²⁴ California Child Care Resource and Referral Network, *Regional Market Rate Survey for California Child Care Providers: Mean Rates for Child Care* (June 2001).
- ²⁵ The federal poverty guideline, used primarily to determine eligibility for state and federal programs, makes no adjustment for the number of children in a family of a given size. The federal poverty threshold, used for statistical purposes, makes minor adjustments. The 2001 federal poverty threshold for a single mother and two children is \$14,269; the threshold for two parents with one child is \$14,255.
- ²⁶ California Budget Project, *Locked Out 2002: California's Affordable Housing Crisis Continues* (October 2002).
- ²⁷ Constance F. Citro and Robert T. Michael, eds., *Measuring Poverty: A New Approach* (Washington, DC: National Academy Press, 1995), p. 363.
- ²⁸ Deborah Reed and Richard Van Swearingen, *Poverty in California: Levels, Trends, and Demographic Dimensions* (Public Policy Institute of California: November 2001), p. 4.
- ²⁹ Washington, DC ranked first. Deborah Reed and Richard Van Swearingen, *Poverty in California: Levels, Trends and Demographic Dimensions*, (Public Policy Institute of California: November 2001), pp. 4-5.

³⁰ This figure includes only families in which at least one adult is not ill or disabled and in which at least one adult is between the ages of 25 and 64. The FPL is also referred to as the poverty line below.

³¹ Work effort is calculated by summing the work hours of both adults in the family. A family with significant work effort has a total of at least 1,040 hours of work per year, equivalent to at least half-time work (20 hours times 52 weeks).

³² Data from 2001 California Health Interview Survey, downloaded from <http://www.chis.ucla.edu/> on November 5, 2002.

³³ E. Richard Brown, et al., *The State of Health Insurance in California: Recent Trends, Future Prospects* (UCLA Center for Health Policy Research: March 2001), p. 9.

³⁴ E. Richard Brown, et al., *The State of Health Insurance in California: Findings from the 2001 California Health Interview Survey* (University of California Los Angeles Center for Health Policy Research: June 2002), p. 18. The findings cited in this report come from an independent survey of Californians and are not directly comparable to data reported by the US Census Bureau.

³⁵ Data from 2001 California Health Interview Survey, downloaded from <http://www.chis.ucla.edu/> on October 14, 2002. Data are not directly comparable to insurance rates reported by the US Census Bureau.

³⁶ E. Richard Brown, et al., *The State of Health Insurance in California: Findings from the 2001 California Health Interview Survey* (UCLA Center for Health Policy Research: June 2002), pp. 34 and 40.

³⁷ E. Richard Brown, et al., *The State of Health Insurance in California: Findings from the 2001 California Health Interview Survey* (UCLA Center for Health Policy Research: June 2002), p. 20.

³⁸ The descriptions for race and ethnicity used in the UCLA report are preserved here, even though they differ from the descriptions used elsewhere in this report. Differences in part stem from the use of different data sources (US Census Bureau surveys versus the UCLA-administered survey) and the ability of the UCLA report to describe relatively small demographic groups (e.g., Native Americans).

³⁹ E. Richard Brown, et al., *The State of Health Insurance in California: Findings from the 2001 California Health Interview Survey* (UCLA Center for Health Policy Research: June 2002), p. 29.

⁴⁰ The Economic Policy Institute pooled Current Population Survey data for 1979-1981, 1988-1990, and 1999-2001 to obtain a statistically relevant sample size.

⁴¹ Lawrence Mishel, Jared Bernstein, and Heather Boushey, Economic Policy Institute, *The State of Working America, 2002-03*, (Cornell University Press: 2002), p. 145.

⁴² "Asian" workers include Asians and Pacific Islanders, as well as Aleuts and Native Americans, all of which were combined in one category in the data that the CBP received from the Economic Policy Institute. CBP analysis of the 2001 March Current Population Survey indicates that less than 10 percent of California wage earners in this category are Aleuts and Native Americans.

⁴³ Institute on Taxation and Economic Policy. These data reflect the impact of California law in 2002 as applied to the income distribution for California families in 2000.

⁴⁴ CBP analysis of Current Population Survey data. The wage data used in this report are for workers between the ages of 25 and 64 (see methodology section). The decline between 2000 and 2001 is not statistically significant. Unless specifically noted, all wage data reported in this chapter have been adjusted for inflation into 2001 dollars using the CPI-U-RS series.

⁴⁵ Wage inequality quantifies the disparity among earnings that workers receive for their labor, measuring differences at an individual, rather than a family, level. Income inequality, on the other hand, measures the gap in total income available for families to meet their financial needs, regardless of the presence or number of workers in the family or sources of other income such as public assistance or investment income.

⁴⁶ Colleen Moore, et al., *Wage Mobility in California: An Analysis of Annual Earnings* (Labor Market Information Division Working Paper, Employment Development Department: April 10, 2002), pp. 8, downloaded from <http://www.calmis.ca.gov/specialreports/Wage-Mobility-2002.pdf> on July 2, 2002.

⁴⁷ The comparison in 2000 contrasts workers in the study with all California workers. Thus, while workers in the study have at least 12 years experience in the workforce in 2000, they are compared with all workers, including new labor force entrants and those with less labor force attachment.

⁴⁸ "Asian" workers include Asians and Pacific Islanders, as well as Aleuts and Native Americans, all of which were combined in one category in the data that the CBP received from the Economic Policy Institute. CBP analysis of the 2001 March Current Population Survey indicates that less than 10 percent of California wage earners in this category are Aleuts and Native Americans.

⁴⁹ This includes members of labor unions as well as non-members whose wages and benefits are covered by labor union contracts.

⁵⁰ These figures are based on the CBP's basic family budget as described in *Making Ends Meet: How Much Does It Cost To Raise A Family In California?* (September 2001).

⁵¹ The wages presented here may not fully capture the effects of the economic downturn, which began in early 2001.

⁵² Based on the CBP's basic family budget as described in *Making Ends Meet: How Much Does It Cost To Raise A Family In California?* (September 2001).

⁵³ For the wage analyses presented in this chapter, the Bay Area region includes Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma Counties.

⁵⁴ These figures are based on the CBP's basic family budget as described in *Making Ends Meet: How Much Does It Cost To Raise A Family In California?* (September 2001).

⁵⁵ In 2003, Alaska and Connecticut will also have higher minimum wages than California's (\$7.15 and \$6.90 per hour, respectively).

⁵⁶ California Budget Project, *Making Ends Meet: How Much Does It Cost To Raise A Family In California?* (September 2001).

⁵⁷ In contrast to other data presented in this report, the data presented in this section include workers between the ages of 16 and 64 in order to include teenagers. See methodology section.

⁵⁸ Comparable data from the Employment Development Department are not available before 1983.

⁵⁹ Employment data from the Employment Development Department for the computer services industry are available beginning in 1996.

- ⁶⁰ National Bureau of Economic Research, *The Business-Cycle Peak of March 2001* (November 26, 2001), downloaded June 15, 2002 from <http://www.nber.org/cycles/november2001/recessions.pdf> and Department of Finance.
- ⁶¹ Economic Policy Institute, *Jobs Picture* (July 5, 2002).
- ⁶² Seasonally adjusted monthly employment data for the computer services industry are not available, but in unadjusted terms, employment declined by 38,800 jobs (10.4 percent) from January 2001 to August 2002.
- ⁶³ Steven Hipple, "Contingent Work in the Late-1990s," *Monthly Labor Review* (US Bureau of Labor Statistics: March 2001), p. 4. The US Bureau of Labor Statistics does not count workers who hold jobs temporarily for personal reasons as contingent workers.
- ⁶⁴ US Bureau of Labor Statistics, "Contingent and Alternative Employment Arrangements, February 2001" (May 24, 2001), downloaded on July 27, 2002 from <ftp://ftp.bls.gov/pub/news.release/conemp.txt>.
- ⁶⁵ Data supplied by US Bureau of Labor Statistics economist Steven Hipple.
- ⁶⁶ Steven Hipple, "Contingent Work in the Late-1990s," *Monthly Labor Review* (Bureau of Labor Statistics: March 2001), p. 20.
- ⁶⁷ Median weekly earnings were \$415 for contingent workers and \$542 for noncontingent workers. The US Bureau of Labor Statistics February 2001 survey does not provide earnings data on noncontingent worker earnings, so a more recent comparison cannot be made.
- ⁶⁸ US Bureau of Labor Statistics, "Contingent and Alternative Employment Arrangements, February 2001" (May 24, 2001), downloaded on July 27, 2002 from <ftp://ftp.bls.gov/pub/news.release/conemp.txt>.
- ⁶⁹ Steven Hipple, "Contingent Work in the Late-1990s," *Monthly Labor Review* (Bureau of Labor Statistics: March 2001), pp. 15, 17. The higher earnings of noncontingent construction workers are related to the fact that much of the construction industry is contingent in nature. In fact, noncontingent construction workers are more likely to be represented by a labor union.
- ⁷⁰ Employment Development Department, Labor Market Information, *Covered Employment and Wages*, downloaded on August 13, 2002 from <http://www.calmis.cahwnet.gov/file/es202/CEW-Major.cfm>.
- ⁷¹ US Bureau of Labor Statistics, "Contingent and Alternative Employment Arrangements, February 2001" (May 24, 2001), downloaded on July 27, 2002 from <ftp://ftp.bls.gov/pub/news.release/conemp.txt>.
- ⁷² See Chapter 2 for more discussion of union and non-union wages.
- ⁷³ The Employment Development Department bases the job projections on historical employment trends by industry. To the extent that the recent downturn in the high technology sector represents a marked change in the structure of the state economy, these projections may overstate the relative growth in high-skill, high-wage occupations and understate the relative growth in low-skill, low-wage occupations.
- ⁷⁴ Estimates of the number of jobs are not directly comparable to labor force, employment, and unemployment estimates. Industry employment data reflect jobs by place of work and are collected in the Current Employment Survey. Labor force, employment, and unemployment estimates reflect the status of individuals by place of residence and are based on the Current Population Survey.
- ⁷⁵ High-income families are defined as those with family incomes higher than \$75,000 in 1989 (1989 dollars) or higher than \$100,000 in 1999 (1999 dollars).
- ⁷⁶ Median family income in Humboldt County decreased by 0.1 percent between 1989 and 1999.
- ⁷⁷ UCLA Center for Health Policy Research. Figure is for 25 northern and Sierra counties.
- ⁷⁸ California Budget Project, *Making Ends Meet: How Much Does It Cost To Raise A Family In California?* (September 2001).
- ⁷⁹ State income tax data allow for income inequality comparisons at the sub-state level. These data vary from US Census Bureau data because they do not include information on many low-income persons and families that are not required to file tax returns. However, tax data include capital gains, which were a significant source of earnings in the late 1990s.
- ⁸⁰ The Gini index for the Far North region is .495. Gini indices for the ten regions, based on state tax data, range from .482 to .597.
- ⁸¹ High-income families are defined as those with family incomes higher than \$75,000 in 1989 (1989 dollars) or higher than \$100,000 in 1999 (1999 dollars).
- ⁸² UCLA Center for Health Policy Research. Figure is for 25 northern and Sierra counties.
- ⁸³ California Budget Project, *Making Ends Meet: How Much Does It Cost To Raise A Family In California?* (September 2001).
- ⁸⁴ State income tax data allow for income inequality comparisons at the sub-state level. These data vary from US Census Bureau data because they do not include information on many low-income persons and families that are not required to file tax returns. However, tax data include capital gains, which were a significant source of earnings in the late 1990s.
- ⁸⁵ The Gini index for the Northern Sacramento Valley region is .500. Gini indices for the ten regions, based on state tax data, range from .482 to .597.
- ⁸⁶ Construction jobs include those in the mining industry, which represent 3.0 percent of construction jobs in the state as a whole.
- ⁸⁷ High-income families are defined as those with family incomes higher than \$75,000 in 1989 (1989 dollars) or higher than \$100,000 in 1999 (1999 dollars).
- ⁸⁸ In 2000, El Dorado County had 813 black residents and Placer County had 2,031. It is possible that Census data, which are based on responses from a subset of the population, do not precisely represent black families in these counties.
- ⁸⁹ UCLA Center for Health Policy Research. Figure is for El Dorado, Placer, Sacramento, and Yolo Counties.
- ⁹⁰ California Budget Project, *Making Ends Meet: How Much Does It Cost To Raise A Family In California?* (September 2001).
- ⁹¹ State income tax data allow for income inequality comparisons at the sub-state level. These data vary from US Census Bureau data because they do not include information on many low-income persons and families that are not required to file tax returns. However, tax data include capital gains, which were a significant source of earnings in the late 1990s.
- ⁹² The Gini index for the Greater Sacramento region is .517. Gini indices for the ten regions, based on state tax data, range from .482 to .597.
- ⁹³ High-income families are defined as those with family incomes higher than \$75,000 in 1989 (1989 dollars) or higher than \$100,000 in 1999 (1999 dollars).
- ⁹⁴ California Budget Project, *Making Ends Meet: How Much Does It Cost To Raise A Family In California?* (September 2001).
- ⁹⁵ State income tax data allow for income inequality comparisons at the sub-state level. These data vary from US Census Bureau data because they do not include information on many low-income persons and families that are not required to file tax returns. However, tax data include capital gains, which were a significant source of earnings in the late 1990s.
- ⁹⁶ The Gini index for the San Francisco Bay Area is .593. Gini indices for the ten regions, based on state tax data, range from .482 to .597.
- ⁹⁷ High-income families are defined as those with family incomes higher than \$75,000 in 1989 (1989 dollars) or higher than \$100,000 in 1999 (1999 dollars).
- ⁹⁸ UCLA Center for Health Policy Research.

- ⁹⁸ California Budget Project, *Making Ends Meet: How Much Does It Cost To Raise A Family In California?* (September 2001).
- ⁹⁹ State income tax data allow for income inequality comparisons at the sub-state level. These data vary from US Census Bureau data because they do not include information on many low-income persons and families that are not required to file tax returns. However, tax data include capital gains, which were a significant source of earnings in the late 1990s.
- ¹⁰⁰ The Gini index for the San Joaquin Valley region is .507. Gini indices for the ten regions, based on state tax data, range from .482 to .597.
- ¹⁰¹ Due to a lack of data for Inyo and Mono Counties in 1989, the change in employment by industry between 1989 and 2001 cannot be analyzed for the entire region. Inyo and Mono Counties accounted for 18.9 percent of the region's labor force in 2001.
- ¹⁰² High-income families are defined as those with family incomes higher than \$75,000 in 1989 (1989 dollars) or higher than \$100,000 in 1999 (1999 dollars).
- ¹⁰³ Alpine County is the smallest county in the state. It is possible that Census data, which are based on responses from a subset of the population, do not precisely represent the population in the county as a whole.
- ¹⁰⁴ Most counties in the region had an insufficient number of Asian- and Latino-headed families to permit an accurate median income estimate.
- ¹⁰⁵ UCLA Center for Health Policy Research. Figure is for 25 northern and Sierra counties.
- ¹⁰⁶ California Budget Project, *Making Ends Meet: How Much Does It Cost To Raise A Family In California?* (September 2001).
- ¹⁰⁷ State income tax data allow for income inequality comparisons at the sub-state level. These data vary from US Census Bureau data because they do not include information on many low-income persons and families that are not required to file tax returns. However, tax data include capital gains, which were a significant source of earnings in the late 1990s.
- ¹⁰⁸ The Gini index for the Central Sierra region is .482. Gini indices for the ten regions, based on state tax data, range from .482 to .597.
- ¹⁰⁹ High-income families are defined as those with family incomes higher than \$75,000 in 1989 (1989 dollars) or higher than \$100,000 in 1999 (1999 dollars).
- ¹¹⁰ UCLA Center for Health Policy Research. Figure is for the four counties in this region, in addition to Santa Cruz and Ventura Counties.
- ¹¹¹ California Budget Project, *Making Ends Meet: How Much Does It Cost To Raise A Family In California?* (September 2001).
- ¹¹² State income tax data allow for income inequality comparisons at the sub-state level. These data vary from US Census Bureau data because they do not include information on many low-income persons and families that are not required to file tax returns. However, tax data include capital gains, which were a significant source of earnings in the late 1990s.
- ¹¹³ The Gini index for the Central Coast region is .577. Gini indices for the ten regions, based on state tax data, range from .482 to .597.
- ¹¹⁴ High-income families are defined as those with family incomes higher than \$75,000 in 1989 (1989 dollars) or higher than \$100,000 in 1999 (1999 dollars).
- ¹¹⁵ UCLA Center for Health Policy Research.
- ¹¹⁶ California Budget Project, *Making Ends Meet: How Much Does It Cost To Raise A Family In California?* (September 2001).
- ¹¹⁷ State income tax data allow for income inequality comparisons at the sub-state level. These data vary from US Census Bureau data because they do not include information on many low-income persons and families that are not required to file tax returns. However, tax data include capital gains, which were a significant source of earnings in the late 1990s.
- ¹¹⁸ The Gini index for Los Angeles County is .597. Gini indices for the ten regions, based on state tax data, range from .482 to .597.
- ¹¹⁹ High-income families are defined as those with family incomes higher than \$75,000 in 1989 (1989 dollars) or higher than \$100,000 in 1999 (1999 dollars).
- ¹²⁰ Median family income in Ventura County increased by 0.4 percent.
- ¹²¹ UCLA Center for Health Policy Research. Figure is for Imperial, Orange, Riverside, San Bernardino, and San Diego Counties.
- ¹²² California Budget Project, *Making Ends Meet: How Much Does It Cost To Raise A Family In California?* (September 2001).
- ¹²³ State income tax data allow for income inequality comparisons at the sub-state level. These data vary from US Census Bureau data because they do not include information on many low-income persons and families that are not required to file tax returns. However, tax data include capital gains, which were a significant source of earnings in the late 1990s.
- ¹²⁴ The Gini index for the Southern California region is .550. Gini indices for the ten regions, based on state tax data, range from .482 to .597.
- ¹²⁵ High-income families are defined as those with family incomes higher than \$75,000 in 1989 (1989 dollars) or higher than \$100,000 in 1999 (1999 dollars).
- ¹²⁶ UCLA Center for Health Policy Research. Figure is for Imperial, Orange, Riverside, San Bernardino, and San Diego Counties.
- ¹²⁷ California Budget Project, *Making Ends Meet: How Much Does It Cost To Raise A Family In California?* (September 2001).
- ¹²⁸ State income tax data allow for income inequality comparisons at the sub-state level. These data vary from US Census Bureau data because they do not include information on many low-income persons and families that are not required to file tax returns. However, tax data include capital gains, which were a significant source of earnings in the late 1990s.
- ¹²⁹ The Gini index for the Southern Border region is .562. Gini indices for the ten regions, based on state tax data, range from .482 to .597.

Appendix 1: Median Family Income By County, Race, And Ethnicity (1999 Dollars)							
	Median Income			Median Income By Race And Ethnicity, 1999			
	1989	1999	Percent Change	White	Black*	Asian*	Latino
Alameda	\$58,452	\$65,857	12.7%	\$80,522	\$40,248	\$70,866	\$49,84
Alpine	\$37,996	\$50,250	32.3%	\$62,031	**	**	**
Amador	\$45,506	\$51,226	12.6%	\$51,316	\$80,057	**	\$45,179
Butte	\$36,748	\$41,010	11.6%	\$42,943	\$25,417	\$25,741	\$28,265
Calaveras	\$41,805	\$47,379	13.3%	\$48,123	**	**	\$42,500
Colusa	\$36,639	\$40,138	9.6%	\$50,625	**	**	\$32,470
Contra Costa	\$67,036	\$73,039	9.0%	\$83,334	\$49,468	\$75,176	\$49,337
Del Norte	\$35,032	\$36,056	2.9%	\$38,138	\$40,208	**	\$27,287
El Dorado	\$51,685	\$60,250	16.6%	\$61,743	\$85,000	\$55,282	\$39,358
Fresno	\$38,897	\$38,455	-1.1%	\$52,928	\$26,201	\$33,034	\$27,945
Glenn	\$35,323	\$37,023	4.8%	\$41,450	**	\$31,985	\$28,657
Humboldt	\$39,399	\$39,370	-0.1%	\$41,451	\$16,875	\$27,500	\$28,604
Imperial	\$32,637	\$35,226	7.9%	\$53,413	\$40,929	\$50,903	\$29,666
Inyo	\$39,533	\$44,970	13.8%	\$50,195	**	**	\$29,531
Kern	\$41,160	\$39,403	-4.3%	\$50,060	\$25,564	\$45,380	\$27,261
Kings	\$35,839	\$38,111	6.3%	\$49,427	\$30,393	\$41,806	\$28,486
Lake	\$34,475	\$35,818	3.9%	\$37,875	\$20,833	**	\$26,630
Lassen	\$41,276	\$43,398	5.1%	\$45,396	\$35,833	**	\$29,375
Los Angeles	\$50,662	\$46,452	-8.3%	\$69,396	\$37,190	\$54,108	\$33,363
Madera	\$39,255	\$39,226	-0.1%	\$48,264	\$36,250	\$51,071	\$28,653
Marin	\$76,778	\$88,934	15.8%	\$97,087	\$40,197	\$75,746	\$45,845
Mariposa	\$38,245	\$42,655	11.5%	\$43,355	**	**	\$44,861
Mendocino	\$40,592	\$42,168	3.9%	\$45,942	**	\$53,833	\$29,359
Merced	\$36,689	\$38,009	3.6%	\$48,514	\$27,226	\$30,618	\$30,025
Modoc	\$35,570	\$35,978	1.1%	\$38,651	**	**	\$16,369
Mono	\$46,635	\$50,487	8.3%	\$54,157	**	**	\$27,689
Monterey	\$47,012	\$51,169	8.8%	\$66,514	\$50,135	\$52,547	\$37,006
Napa	\$55,534	\$61,410	10.6%	\$66,806	\$63,594	\$69,575	\$42,862
Nevada	\$47,946	\$52,697	9.9%	\$53,116	**	**	\$47,528
Orange	\$66,408	\$64,611	-2.7%	\$78,354	\$54,181	\$61,785	\$41,010
Placer	\$55,555	\$65,858	18.5%	\$67,215	\$81,484	\$71,610	\$46,403
Plumas	\$38,893	\$46,119	18.6%	\$47,432	**	**	\$27,250
Riverside	\$48,922	\$48,409	-1.0%	\$56,195	\$42,482	\$58,443	\$36,289
Sacramento	\$49,112	\$50,717	3.3%	\$56,843	\$36,539	\$49,392	\$38,443
San Benito	\$51,443	\$60,665	17.9%	\$71,436	\$91,169	\$68,281	\$47,388
San Bernardino	\$47,991	\$46,574	-3.0%	\$53,495	\$38,750	\$58,750	\$38,070
San Diego	\$51,652	\$53,438	3.5%	\$63,330	\$39,913	\$56,764	\$33,993
San Francisco	\$52,643	\$63,545	20.7%	\$89,316	\$35,943	\$56,679	\$46,809
San Joaquin	\$45,037	\$46,919	4.2%	\$56,979	\$36,100	\$40,454	\$33,956
San Luis Obispo	\$48,132	\$52,447	9.0%	\$55,030	\$33,333	\$57,649	\$36,098
San Mateo	\$69,345	\$80,737	16.4%	\$93,132	\$57,886	\$82,232	\$54,030
Santa Barbara	\$53,587	\$54,042	0.8%	\$65,548	\$46,658	\$56,120	\$35,983
Santa Clara	\$69,656	\$81,717	17.3%	\$94,761	\$65,596	\$86,508	\$53,017
Santa Cruz	\$55,977	\$61,941	10.7%	\$71,621	\$44,239	\$67,917	\$39,405
Shasta	\$39,367	\$40,491	2.9%	\$41,402	\$34,625	\$32,237	\$31,209
Sierra	\$38,820	\$42,756	10.1%	\$42,796	**	**	**
Siskiyou	\$33,839	\$36,890	9.0%	\$38,722	\$30,000	\$19,191	\$27,112
Solano	\$55,019	\$60,597	10.1%	\$65,050	\$52,000	\$68,996	\$46,551
Sonoma	\$54,460	\$61,921	13.7%	\$65,777	\$51,234	\$61,392	\$44,069
Stanislaus	\$42,729	\$44,703	4.6%	\$50,296	\$36,269	\$41,238	\$35,134
Sutter	\$41,326	\$44,330	7.3%	\$50,615	\$47,112	\$44,211	\$29,874
Tehama	\$33,674	\$37,277	10.7%	\$39,235	**	**	\$26,895
Trinity	\$32,458	\$34,343	5.8%	\$35,948	**	**	\$22,500
Tulare	\$34,649	\$36,297	4.8%	\$47,227	\$30,744	\$37,109	\$26,807
Tuolumne	\$40,836	\$44,327	8.5%	\$44,929	\$29,107	**	\$41,190
Ventura	\$65,011	\$65,285	0.4%	\$74,967	\$55,075	\$75,720	\$44,575
Yolo	\$47,847	\$51,623	7.9%	\$60,535	\$32,234	\$51,786	\$37,051
Yuba	\$31,621	\$34,103	7.8%	\$36,070	\$25,341	\$32,010	\$28,965
California	\$52,640	\$53,025	0.7%	\$65,342	\$39,726	\$61,383	\$35,980

* Black and Asian families may be of Latino ethnicity.
 ** Data not reported due to insufficient sample size.
 Source: US Census Bureau

Appendix 2: Income Measures By County (1999 Dollars)

	Per Capita Income			Families That Are High-Income*				Percentage Point Change 1989-1999
			Percent Change	1989		1999		
	1989	1999		Number	Percentage	Number	Percentage	
Alameda	\$22,774	\$26,680	17.2%	311,888	19.6%	342,048	27.3%	7.7%
Alpine	\$17,909	\$24,431	36.4%	275	7.3%	299	12.0%	4.8%
Amador	\$18,536	\$22,412	20.9%	7,816	8.1%	9,074	13.6%	5.5%
Butte	\$15,682	\$17,517	11.7%	46,712	6.6%	49,740	9.2%	2.6%
Calaveras	\$17,517	\$21,420	22.3%	9,381	7.3%	11,707	13.0%	5.8%
Colusa	\$16,096	\$14,730	-8.5%	4,147	6.9%	4,554	7.6%	0.7%
Contra Costa	\$26,928	\$30,615	13.7%	214,677	26.0%	243,971	32.3%	6.2%
Del Norte	\$13,790	\$14,573	5.7%	5,807	5.3%	6,314	7.4%	2.2%
El Dorado	\$20,380	\$25,560	25.4%	35,360	12.8%	43,354	20.9%	8.1%
Fresno	\$15,346	\$15,495	1.0%	163,716	9.4%	188,489	10.2%	0.8%
Glenn	\$13,857	\$14,069	1.5%	6,551	6.2%	6,755	6.1%	-0.1%
Humboldt	\$16,140	\$17,203	6.6%	30,391	6.4%	30,894	7.4%	1.0%
Imperial	\$11,951	\$13,239	10.8%	26,282	6.7%	31,731	7.8%	1.0%
Inyo	\$17,387	\$19,639	12.9%	5,113	7.0%	4,929	11.9%	4.9%
Kern	\$15,774	\$15,760	-0.1%	137,814	8.9%	157,723	9.8%	0.9%
Kings	\$13,024	\$15,848	21.7%	23,086	5.8%	27,147	8.0%	2.2%
Lake	\$15,191	\$16,825	10.8%	14,447	4.6%	15,389	6.6%	2.0%
Lassen	\$16,387	\$14,749	-10.0%	6,302	5.7%	6,795	8.5%	2.7%
Los Angeles	\$20,959	\$20,683	-1.3%	2,036,104	18.0%	2,154,311	17.2%	-0.8%
Madera	\$14,090	\$14,682	4.2%	22,910	7.0%	28,890	9.2%	2.2%
Marin	\$36,835	\$44,962	22.1%	58,948	36.0%	61,329	44.2%	8.2%
Mariposa	\$16,968	\$18,190	7.2%	3,964	7.1%	4,466	9.4%	2.3%
Mendocino	\$16,581	\$19,443	17.3%	21,359	7.7%	22,066	10.2%	2.4%
Merced	\$13,765	\$14,257	3.6%	43,830	6.7%	50,136	8.0%	1.3%
Modoc	\$14,239	\$17,285	21.4%	2,608	4.1%	2,541	5.7%	1.6%
Mono	\$20,922	\$23,422	12.0%	2,509	11.8%	3,207	14.1%	2.3%
Monterey	\$18,920	\$20,165	6.6%	84,038	12.5%	88,539	16.9%	4.4%
Napa	\$22,894	\$26,395	15.3%	28,621	16.1%	30,876	23.0%	6.9%
Nevada	\$20,454	\$24,007	17.4%	22,914	10.8%	26,142	16.1%	5.3%
Orange	\$25,814	\$25,826	0.0%	590,490	26.6%	673,912	27.1%	0.5%
Placer	\$22,467	\$27,963	24.5%	48,450	16.7%	68,378	24.6%	8.0%
Plumas	\$16,810	\$19,391	15.4%	5,853	5.3%	6,102	9.8%	4.5%
Riverside	\$18,832	\$18,689	-0.8%	298,517	12.5%	375,207	13.8%	1.4%
Sacramento	\$19,812	\$21,142	6.7%	265,298	12.1%	299,738	15.4%	3.3%
San Benito	\$18,083	\$20,932	15.8%	9,204	14.3%	13,018	21.2%	6.9%
San Bernardino	\$17,337	\$16,856	-2.8%	355,734	11.5%	407,205	12.5%	1.1%
San Diego	\$21,051	\$22,926	8.9%	605,144	15.5%	669,102	19.0%	3.4%
San Francisco	\$25,561	\$34,556	35.2%	143,818	19.3%	147,186	28.9%	9.6%
San Joaquin	\$16,489	\$17,365	5.3%	118,345	10.0%	135,419	12.6%	2.5%
San Luis Obispo	\$19,776	\$21,864	10.6%	52,703	12.3%	58,954	15.6%	3.3%
San Mateo	\$29,111	\$36,045	23.8%	164,177	28.3%	172,557	37.7%	9.4%
Santa Barbara	\$22,265	\$23,059	3.6%	87,510	17.4%	90,314	19.4%	2.1%
Santa Clara	\$26,506	\$32,795	23.7%	364,307	28.4%	399,765	38.9%	10.5%
Santa Cruz	\$22,514	\$26,396	17.2%	54,663	19.0%	57,858	26.1%	7.1%
Shasta	\$16,069	\$17,738	10.4%	40,707	7.2%	44,123	9.1%	1.9%
Sierra	\$17,821	\$18,815	5.6%	1,005	8.4%	990	7.7%	-0.7%
Siskiyou	\$15,068	\$17,570	16.6%	12,214	5.7%	12,312	7.5%	1.8%
Solano	\$19,251	\$21,731	12.9%	86,962	13.3%	98,163	19.0%	5.7%
Sonoma	\$22,374	\$25,724	15.0%	100,859	14.7%	113,645	22.5%	7.8%
Stanislaus	\$16,523	\$16,913	2.4%	95,264	8.9%	110,249	10.4%	1.5%
Sutter	\$16,565	\$17,428	5.2%	17,153	9.1%	20,251	10.8%	1.7%
Tehama	\$14,263	\$15,793	10.7%	13,946	4.2%	14,958	5.7%	1.5%
Trinity	\$13,992	\$16,868	20.6%	3,713	4.3%	3,641	7.0%	2.7%
Tulare	\$13,371	\$14,006	4.8%	77,542	6.8%	87,712	8.5%	1.6%
Tuolumne	\$17,163	\$21,015	22.4%	13,087	8.3%	14,295	10.4%	2.1%
Ventura	\$23,181	\$24,600	6.1%	166,925	23.1%	184,378	25.9%	2.8%
Yolo	\$17,990	\$19,365	7.6%	32,584	12.7%	37,687	17.5%	4.8%
Yuba	\$12,815	\$14,124	10.2%	15,133	3.9%	14,954	5.5%	1.6%
California	\$21,296	\$22,711	6.6%	7,218,877	17.4%	7,985,489	20.0%	2.6%

* Figures for 1989 represent families with incomes of \$75,000 and greater (1989 dollars); figures for 1999 represent families with incomes of \$100,000 and greater (1999 dollars). The amount \$75,000 in 1989 dollars is equivalent to \$97,340 in 1999 dollars. Percentage point changes may not reflect mathematical differences of percentages due to rounding.
Source: US Census Bureau

Appendix 3: Poverty Rate By County, Race, And Ethnicity									
	1989		1999		Percentage Point Change 1989-1999	Poverty Rate By Race And Ethnicity, 1999			
	Number	Percentage	Number	Percentage		White	Black*	Asian*	Latino
Alameda	132,011	10.6%	156,804	11.0%	0.4%	5.9%	21.2%	11.2%	13.7%
Alpine	200	18.1%	232	19.5%	1.4%	14.1%	**	**	**
Amador	2,139	8.4%	2,808	9.2%	0.8%	8.9%	0.0%	**	14.3%
Butte	33,453	18.9%	39,148	19.8%	0.9%	16.4%	39.4%	50.0%	30.0%
Calaveras	3,180	10.1%	4,704	11.8%	1.7%	10.9%	**	**	17.9%
Colusa	2,121	13.3%	2,964	16.1%	2.8%	9.3%	**	**	22.2%
Contra Costa	57,867	7.3%	71,575	7.6%	0.3%	4.5%	17.2%	6.6%	13.1%
Del Norte	3,297	15.7%	4,765	20.2%	4.5%	17.3%	11.9%	**	26.6%
El Dorado	9,547	7.7%	11,079	7.1%	-0.5%	6.1%	4.0%	4.1%	15.6%
Fresno	140,447	21.4%	179,085	22.9%	1.5%	9.8%	34.0%	38.6%	30.6%
Glenn	4,244	17.4%	4,729	18.1%	0.7%	12.6%	**	50.8%	23.8%
Humboldt	20,357	17.6%	24,059	19.5%	1.9%	16.8%	49.2%	40.9%	31.0%
Imperial	25,517	23.8%	29,681	22.6%	-1.2%	11.1%	25.5%	14.8%	25.9%
Inyo	2,128	11.9%	2,244	12.6%	0.7%	9.4%	**	**	23.6%
Kern	89,312	16.9%	130,949	20.8%	3.8%	12.1%	36.0%	14.8%	31.0%
Kings	16,218	18.2%	21,307	19.5%	1.3%	8.4%	21.8%	9.7%	30.7%
Lake	7,614	15.3%	10,081	17.6%	2.3%	15.5%	39.0%	**	21.6%
Lassen	3,007	13.3%	3,484	14.0%	0.7%	12.1%	10.9%	**	22.1%
Los Angeles	1,308,255	15.1%	1,674,599	17.9%	2.8%	8.5%	24.4%	13.7%	24.2%
Madera	15,160	17.5%	24,514	21.4%	3.9%	10.0%	23.5%	14.4%	33.4%
Marin	11,542	5.2%	15,601	6.6%	1.4%	4.8%	19.9%	9.1%	15.4%
Mariposa	1,782	12.7%	2,489	14.8%	2.1%	13.0%	**	**	19.7%
Mendocino	11,145	14.2%	13,505	15.9%	1.8%	12.4%	**	21.9%	26.6%
Merced	34,813	19.9%	45,059	21.7%	1.8%	11.4%	31.3%	38.8%	27.5%
Modoc	1,396	15.0%	1,962	21.5%	6.4%	17.3%	**	**	46.1%
Mono	967	9.9%	1,456	11.5%	1.6%	8.7%	**	**	21.2%
Monterey	38,818	11.6%	51,692	13.5%	1.9%	6.2%	16.2%	10.3%	20.3%
Napa	7,229	6.9%	9,913	8.3%	1.4%	6.1%	13.8%	3.8%	14.6%
Nevada	5,974	7.7%	7,332	8.1%	0.3%	7.6%	**	**	10.9%
Orange	200,860	8.5%	289,475	10.3%	1.9%	4.7%	11.5%	11.5%	19.1%
Placer	12,117	7.1%	14,272	5.8%	-1.3%	5.0%	11.5%	4.6%	12.7%
Plumas	2,323	11.9%	2,686	13.1%	1.1%	11.1%	**	**	31.8%
Riverside	131,690	11.5%	214,084	14.2%	2.7%	8.5%	20.6%	14.5%	21.0%
Sacramento	126,783	12.5%	169,784	14.1%	1.7%	9.5%	23.7%	20.5%	19.5%
San Benito	3,453	9.5%	5,241	10.0%	0.4%	4.6%	28.1%	4.6%	15.1%
San Bernardino	174,727	12.7%	263,412	15.8%	3.2%	10.2%	23.0%	13.6%	20.7%
San Diego	271,390	11.3%	338,399	12.4%	1.1%	7.2%	18.4%	11.4%	22.0%
San Francisco	90,019	12.7%	86,585	11.3%	-1.3%	7.7%	25.1%	10.7%	15.6%
San Joaquin	73,163	15.7%	97,105	17.7%	2.0%	8.6%	28.0%	28.4%	25.4%
San Luis Obispo	26,369	13.0%	29,775	12.8%	-0.1%	10.7%	27.3%	22.0%	20.0%
San Mateo	40,405	6.3%	40,692	5.8%	-0.5%	3.6%	11.2%	4.8%	10.7%
Santa Barbara	45,224	12.8%	55,086	14.3%	1.6%	9.5%	15.3%	19.8%	21.3%
Santa Clara	109,806	7.5%	124,470	7.5%	0.0%	4.3%	9.7%	7.5%	13.2%
Santa Cruz	23,770	10.7%	29,383	11.9%	1.2%	8.7%	19.3%	11.1%	19.3%
Shasta	19,840	13.7%	24,556	15.4%	1.6%	13.7%	27.3%	32.3%	24.0%
Sierra	302	9.2%	397	11.3%	2.1%	11.3%	**	**	**
Siskiyou	5,982	14.0%	8,109	18.6%	4.6%	16.3%	25.7%	58.1%	27.8%
Solano	24,434	7.5%	31,344	8.3%	0.8%	6.0%	13.9%	6.4%	11.1%
Sonoma	29,041	7.6%	36,349	8.1%	0.4%	6.2%	19.9%	9.2%	14.2%
Stanislaus	51,337	14.1%	70,406	16.0%	1.9%	10.7%	26.5%	25.1%	23.2%
Sutter	9,782	15.4%	12,031	15.5%	0.1%	10.1%	17.6%	12.7%	30.7%
Tehama	7,451	15.3%	9,503	17.3%	1.9%	13.4%	**	**	33.9%
Trinity	2,365	18.5%	2,372	18.7%	0.1%	17.4%	**	**	19.9%
Tulare	69,125	22.6%	86,572	23.9%	1.3%	11.8%	37.1%	24.5%	33.6%
Tuolumne	3,988	9.1%	5,690	11.4%	2.3%	10.7%	9.5%	**	17.0%
Ventura	47,742	7.3%	68,540	9.2%	2.0%	5.1%	12.3%	7.0%	16.5%
Yolo	23,369	17.4%	29,787	18.4%	0.9%	13.3%	34.2%	41.7%	19.1%
Yuba	10,988	19.5%	12,205	20.8%	1.3%	16.5%	23.6%	36.2%	28.2%
California	3,627,585	12.5%	4,706,130	14.2%	1.7%	7.8%	22.4%	12.8%	22.1%

* Black and Asian families may be of Latino ethnicity.
 ** Data not reported due to insufficient sample size.
 Note: Percentage point changes may not reflect mathematical differences of percentages due to rounding.
 Source: US Census Bureau

Appendix 4: Child Poverty Rate By County					
	1989		1999		Percentage Point Change 1989-1999
	Number	Percentage	Number	Percentage	
Alameda	45,747	15.4%	48,221	13.8%	-1.5%
Alpine	89	32.8%	78	30.2%	-2.6%
Amador	676	12.3%	969	14.3%	2.0%
Butte	10,142	24.3%	11,547	24.4%	0.1%
Calaveras	1,222	15.9%	1,462	16.5%	0.7%
Colusa	858	17.3%	1,168	20.2%	2.8%
Contra Costa	21,904	11.1%	25,104	10.2%	-0.9%
Del Norte	1,528	24.9%	1,818	27.4%	2.5%
El Dorado	3,281	10.1%	3,209	8.0%	-2.1%
Fresno	66,416	32.4%	80,504	32.1%	-0.3%
Glenn	1,939	26.3%	2,116	26.5%	0.2%
Humboldt	6,918	23.1%	6,618	23.2%	0.1%
Imperial	11,576	31.1%	12,769	28.9%	-2.2%
Inyo	753	17.1%	705	16.3%	-0.8%
Kern	41,417	24.8%	58,213	28.2%	3.4%
Kings	8,146	27.0%	9,705	26.4%	-0.5%
Lake	2,729	23.1%	3,202	23.7%	0.6%
Lassen	1,176	17.7%	1,204	16.7%	-1.0%
Los Angeles	496,504	21.9%	640,145	24.6%	2.7%
Madera	6,817	25.4%	10,333	29.1%	3.7%
Marin	2,728	6.3%	3,714	7.5%	1.2%
Mariposa	455	14.5%	624	16.7%	2.2%
Mendocino	4,468	21.0%	4,775	22.5%	1.5%
Merced	17,853	30.0%	20,423	28.8%	-1.3%
Modoc	536	21.0%	710	30.4%	9.4%
Mono	264	11.2%	365	12.7%	1.5%
Monterey	16,255	17.0%	19,775	17.9%	0.9%
Napa	2,442	9.7%	3,321	11.3%	1.6%
Nevada	1,915	10.4%	2,166	10.5%	0.1%
Orange	65,463	11.4%	102,002	13.6%	2.2%
Placer	4,064	9.1%	4,317	6.7%	-2.5%
Plumas	976	19.6%	801	17.2%	-2.4%
Riverside	51,608	15.8%	87,083	19.0%	3.2%
Sacramento	53,348	19.9%	67,728	20.6%	0.7%
San Benito	1,453	12.9%	2,014	12.0%	-0.9%
San Bernardino	76,768	17.9%	113,695	21.1%	3.2%
San Diego	96,720	16.2%	119,704	16.9%	0.7%
San Francisco	21,228	18.6%	15,443	14.2%	-4.4%
San Joaquin	32,725	23.7%	41,186	24.2%	0.5%
San Luis Obispo	6,232	13.4%	6,212	12.0%	-1.4%
San Mateo	11,207	8.1%	10,285	6.5%	-1.6%
Santa Barbara	12,829	15.4%	16,319	16.9%	1.5%
Santa Clara	36,759	10.5%	36,548	9.0%	-1.5%
Santa Cruz	6,280	11.9%	7,871	13.3%	1.4%
Shasta	8,030	20.6%	9,082	21.9%	1.3%
Sierra	67	9.4%	122	14.7%	5.3%
Siskiyou	2,413	21.2%	2,825	27.2%	5.9%
Solano	10,153	10.6%	11,852	10.8%	0.3%
Sonoma	8,989	9.7%	9,762	9.0%	-0.7%
Stanislaus	23,353	21.1%	28,547	21.0%	-0.1%
Sutter	4,195	23.3%	4,818	21.6%	-1.7%
Tehama	3,132	24.3%	3,670	24.5%	0.2%
Trinity	939	27.5%	771	26.8%	-0.6%
Tulare	33,707	33.2%	40,271	33.0%	-0.2%
Tuolumne	1,435	13.5%	1,864	17.0%	3.5%
Ventura	18,305	10.2%	25,407	12.1%	1.9%
Yolo	5,774	17.5%	6,900	16.5%	-1.0%
Yuba	5,369	30.1%	5,038	27.9%	-2.3%
California	1,380,275	18.2%	1,757,100	19.5%	1.2%

Note: Percentage point changes may not reflect mathematical differences of percentages due to rounding.
Source: US Census Bureau

Appendix 5: Renter Households Paying At Least 30% Of Their Income On Housing					
	1989		1999		Percentage Point Change 1989-1999
	Number	Percentage	Number	Percentage	
Alameda	99,767	46.3%	95,978	42.4%	-3.9%
Alpine	47	29.4%	46	36.2%	6.8%
Amador	904	39.3%	1,163	42.6%	3.4%
Butte	14,135	55.0%	15,394	53.4%	-1.6%
Calaveras	1,209	48.4%	1,196	41.5%	-7.0%
Colusa	475	28.8%	696	38.8%	10.0%
Contra Costa	43,052	45.9%	42,816	42.4%	-3.5%
Del Norte	1,110	45.4%	1,519	50.5%	5.1%
El Dorado	6,031	48.0%	5,910	43.2%	-4.9%
Fresno	44,272	48.0%	47,707	47.6%	-0.5%
Glenn	1,123	42.4%	961	35.9%	-6.5%
Humboldt	8,592	49.5%	10,641	54.0%	4.4%
Imperial	6,000	47.3%	7,091	47.1%	-0.2%
Inyo	884	40.5%	855	36.7%	-3.8%
Kern	29,339	43.9%	33,206	46.1%	2.2%
Kings	4,282	38.9%	5,355	42.2%	3.4%
Lake	2,773	51.3%	2,907	47.1%	-4.3%
Lassen	858	39.1%	1,171	44.6%	5.5%
Los Angeles	723,382	48.9%	713,769	46.2%	-2.7%
Madera	3,687	45.0%	4,645	45.0%	-0.1%
Marin	16,680	49.6%	15,754	45.6%	-4.0%
Mariposa	508	38.8%	560	36.8%	-2.0%
Mendocino	4,458	45.9%	4,666	43.0%	-3.0%
Merced	9,680	45.6%	9,907	43.1%	-2.5%
Modoc	276	32.4%	313	38.3%	5.9%
Mono	482	31.5%	686	40.6%	9.1%
Monterey	21,809	46.0%	21,015	41.9%	-4.0%
Napa	6,410	48.2%	5,762	40.0%	-8.2%
Nevada	3,546	50.0%	3,687	47.7%	-2.3%
Orange	150,602	47.1%	151,635	43.7%	-3.4%
Placer	8,152	46.9%	9,627	41.1%	-5.8%
Plumas	1,122	48.2%	967	41.0%	-7.2%
Riverside	61,173	49.8%	68,938	46.7%	-3.1%
Sacramento	78,460	47.8%	77,332	42.7%	-5.1%
San Benito	1,314	35.4%	1,765	39.7%	4.3%
San Bernardino	77,516	48.7%	80,190	46.5%	-2.2%
San Diego	193,558	49.4%	188,218	45.4%	-4.1%
San Francisco	85,185	44.5%	76,600	37.3%	-7.2%
San Joaquin	28,313	45.4%	30,763	46.1%	0.8%
San Luis Obispo	15,870	53.1%	16,865	51.3%	-1.9%
San Mateo	40,040	43.1%	38,835	41.5%	-1.6%
Santa Barbara	28,284	52.6%	28,038	51.1%	-1.5%
Santa Clara	87,730	42.7%	86,433	39.7%	-3.0%
Santa Cruz	16,625	53.0%	16,328	48.2%	-4.8%
Shasta	8,971	48.3%	9,538	48.1%	-0.2%
Sierra	85	28.9%	132	36.5%	7.6%
Siskiyou	2,114	43.7%	2,363	46.2%	2.4%
Solano	16,916	43.2%	17,396	42.3%	-0.8%
Sonoma	24,754	48.7%	24,824	43.6%	-5.1%
Stanislaus	21,231	47.2%	23,043	45.4%	-1.8%
Sutter	3,679	43.3%	3,889	40.3%	-3.0%
Tehama	2,239	44.8%	2,459	41.9%	-2.8%
Trinity	595	48.6%	595	46.5%	-2.1%
Tulare	16,644	48.1%	16,650	43.8%	-4.3%
Tuolumne	2,036	43.6%	2,612	47.7%	4.1%
Ventura	34,239	47.8%	31,203	42.5%	-5.3%
Yolo	12,009	52.1%	13,852	53.2%	1.1%
Yuba	3,348	46.0%	3,229	44.0%	-1.9%
California	2,078,575	47.7%	2,079,695	44.7%	-3.0%

Note: Percentage point changes may not reflect mathematical differences of percentages due to rounding.
Source: US Census Bureau

Appendix 6: Income Inequality By Region

<u>Region</u>	<u>Gini Index*</u>
Los Angeles County	0.597
San Francisco Bay Area	0.593
Central Coast	0.577
Southern Border	0.562
Southern California	0.550
Greater Sacramento	0.517
San Joaquin Valley	0.507
Northern Sacramento Valley	0.500
Far North	0.495
Central Sierra	0.482

* The Gini index is a standard measure of inequality and has values between 0 and 1, with a larger number indicating a higher level of inequality. These indices are calculated from adjusted gross income data of state taxpayers presented in Chapter 4.

Source: CBP calculations from Franchise Tax Board data

METHODOLOGY

Current Population Survey

The Current Population Survey (CPS) is a monthly survey of about 60,000 US households conducted by the US Bureau of the Census. It is currently the official source of data on income, poverty, and labor force characteristics, including unemployment, in the US. Data for median and average hourly wages are calculated from each year's Current Population Survey Outgoing Rotation Group (CPS ORG) files.

In its analysis of hourly wages, the California Budget Project (CBP) used a sample from the CPS ORG data that includes respondents who:

- Are between 25 and 64 years of age;
- Are employed in the public or private sector (excluding the unincorporated self-employed);
- Worked within the range of 1 to 99 hours per week, or hours vary (see discussion below); and
- Earned hourly wages between \$0.50 and \$100 per hour (in 1989 CPI-U-RS adjusted dollars).

The CPS ORG files that the CBP used were supplied by the Economic Policy Institute (EPI) and include the following adjustments. Using the CPS ORG files, the EPI imputed hourly wages for individuals who did not report an hourly wage, but who reported weekly earnings or whose weekly earnings were top-coded. The hourly wage was calculated using weekly earnings divided by usual weekly hours. The hours of those who reported varying hours worked were imputed based on the usual hours worked of persons with similar characteristics.

The imputation of wages for individuals who do not report hourly wages and whose hourly earnings were top-coded assumes that the distribution of wages is a Pareto distribution. To make comparison over time possible, the EPI made two adjustments. First, figures were translated into constant dollars using the consumer price index CPI-U. Second, the EPI made adjustments to account for periodic changes in the definitions of variables (e.g., education) and in the methods used (e.g., top-coding) in the CPS ORG files.

Current Population Survey March Supplement

The March Supplement of the CPS, also known as the Annual Demographic File, was used to analyze pension coverage and the characteristics of the working poor in California.

The EPI used the March Supplement to estimate the share of workers with employer-provided pension coverage for the years 1979-81, 1988-90, and 1999-2001. This analysis included private wage and salary workers ages 18 to 64 that worked at least 20 hour per week for at least 26 weeks in the previous year. EPI combined data for three years in order to increase the reliability of estimates for each period.

The CBP used the March Supplement to tabulate the number of families in California that were working yet remained poor. Families need not be married or have children (i.e., adults living alone were included as families). The CBP included families in this analysis if they met the following conditions:

- Total family income was less than twice the federal poverty level;
- The family head and/or spouse was between the ages of 25 and 64;
- The family head and/or spouse was not ill or disabled; and
- The combined work effort of the family head and spouse was equivalent to that of a half-time year-round worker.

Combined work effort was calculated by summing the total hours worked by the family head and the spouse in the previous year. If this sum was at least 1,040 hours (20 hours per week times 52 weeks), the family was considered to have significant work effort.

Although the CPS data sets have the advantage of being large enough to generate reliable estimates for different subgroups within the population, there are some well-known problems. In addition to the fact that individuals underreport the various components of income, income at the high end is top-coded. That is, for individuals above a certain level of income, the actual income is replaced by the income at which top-coding begins. Top-coding in the high-income range should not affect income data reported here.