



CALIFORNIA BUDGET PROJECT

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## Unemployment Is Down, But Gap Between Highest and Lowest Earners Widens

[Sacramento] - Labor Day presents an opportunity to assess the status of California's workers and their families. A new California Budget Project (CBP) report, *A Growing Divide: The State of Working California*, shows that while jobless rates are down and the state is showing signs of economic recovery, there are some troubling trends emerging as the state's low-wage workforce continues to grow.

CBP's Executive Director, Jean Ross, noted, "The good news—that unemployment rates are dropping—is tempered by the fact that we're seeing a growing divide between high- and low-wage earners and a growing segment of California that is struggling to make ends meet."

Key findings include:

- Unemployment rates are down and employment is up. In July 2005, the state's unemployment rate was 5.1 percent, lower than the peak rate of 6.9 percent during most of 2003, but higher than the 4.8 percent rate in March 2001 when the recession officially began.
- The gap between the state's highest- and lowest-wage earners has widened, and is substantially wider than that for the nation as a whole.
- In 2004, the hourly wage of the worker at the median, or the middle of the earnings distribution, barely kept pace with inflation, rising 0.4 percent after adjusting for inflation.
- The income of the typical, or median, California household was stagnant in 2003-2004, dropping by \$299 from \$50,266 in 2002-2003 to \$49,927. Similarly, the state's poverty rate increased between 2003 and 2004, albeit by a statistically insignificant amount.
- Approximately 1.4 million Californians work at or near the state's minimum wage. A majority of these workers are adults and most work full-time.

The new report, *A Growing Divide: The State of Working California*, is available to reporters who agree to honor the embargo at [http://www.cbp.org/2005/0509\\_laborday.pdf](http://www.cbp.org/2005/0509_laborday.pdf).

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*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 is provided by foundation grants, individual donations, and subscriptions.*

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