

CALIFORNIA BUDGET PROJECT

# A Generation of Widening Inequality

The Impact on California's Workers and Their Families

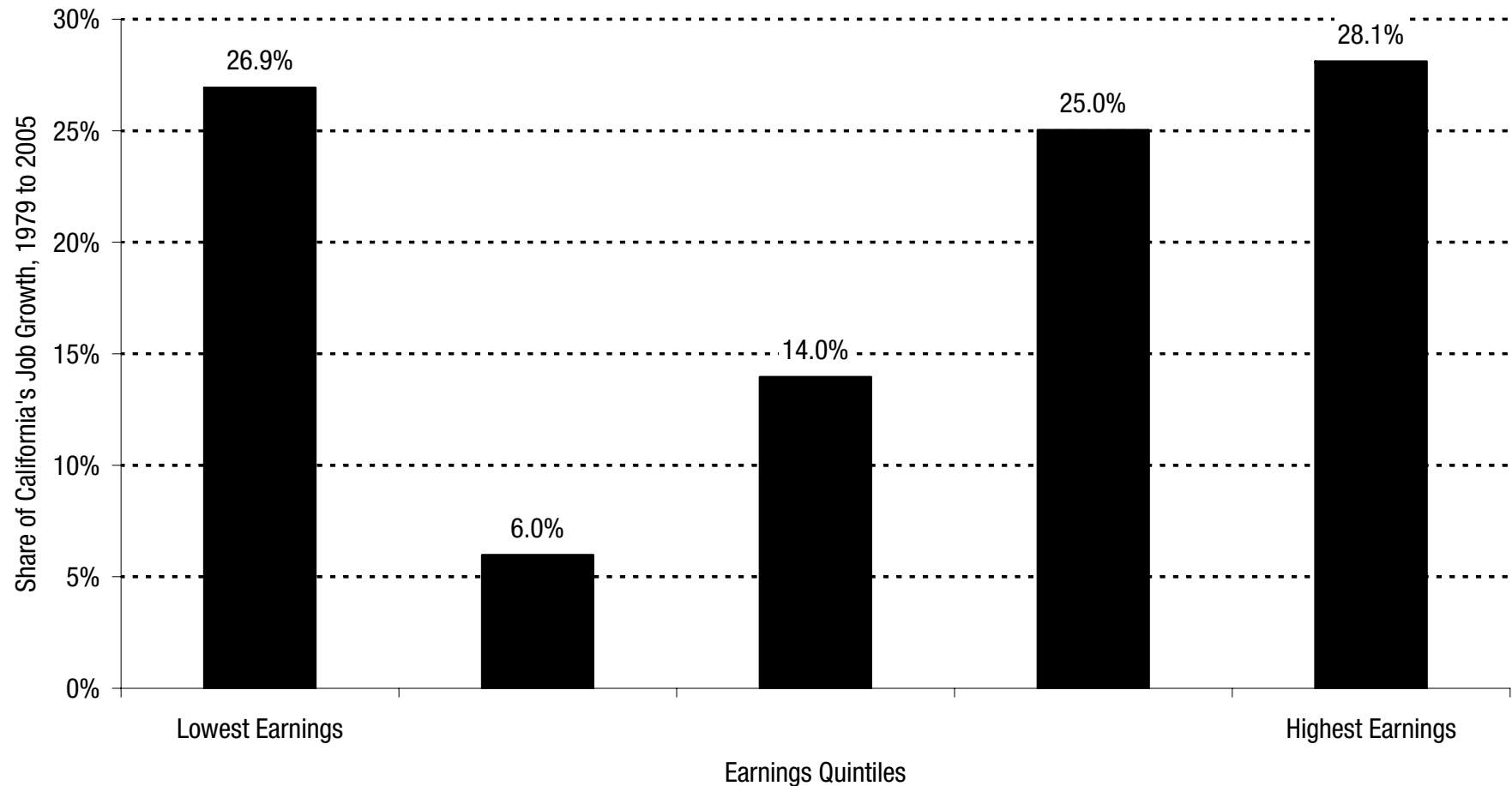
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A PRESENTATION BY  
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March 20, 2008

# A Generation of Widening Inequality: Overview

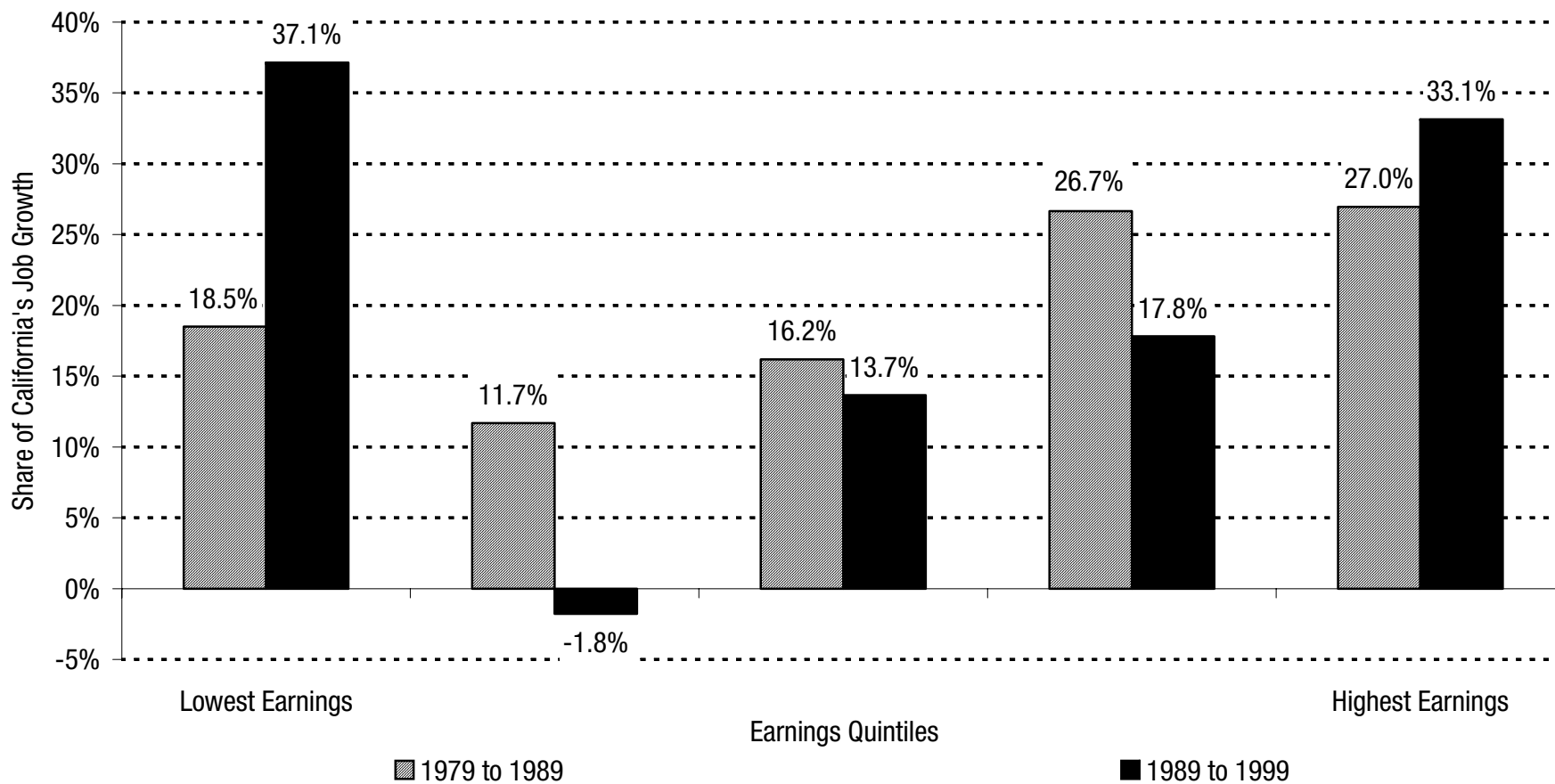
- Job trends: California has added more low-wage and high-wage jobs than jobs with earnings in the middle of the distribution.
- Wage trends: The gap between California's low-wage and high-wage workers has widened.
- Income trends: The gains of high-income Californians have far surpassed those of lower-income Californians.
- Recent trends: The benefits of economic growth during the current economic recovery failed to trickle down to many Californians.

## More Than Half of California's Job Growth Occurred at the Low and High Ends of the Earnings Distribution, 1979 to 2005



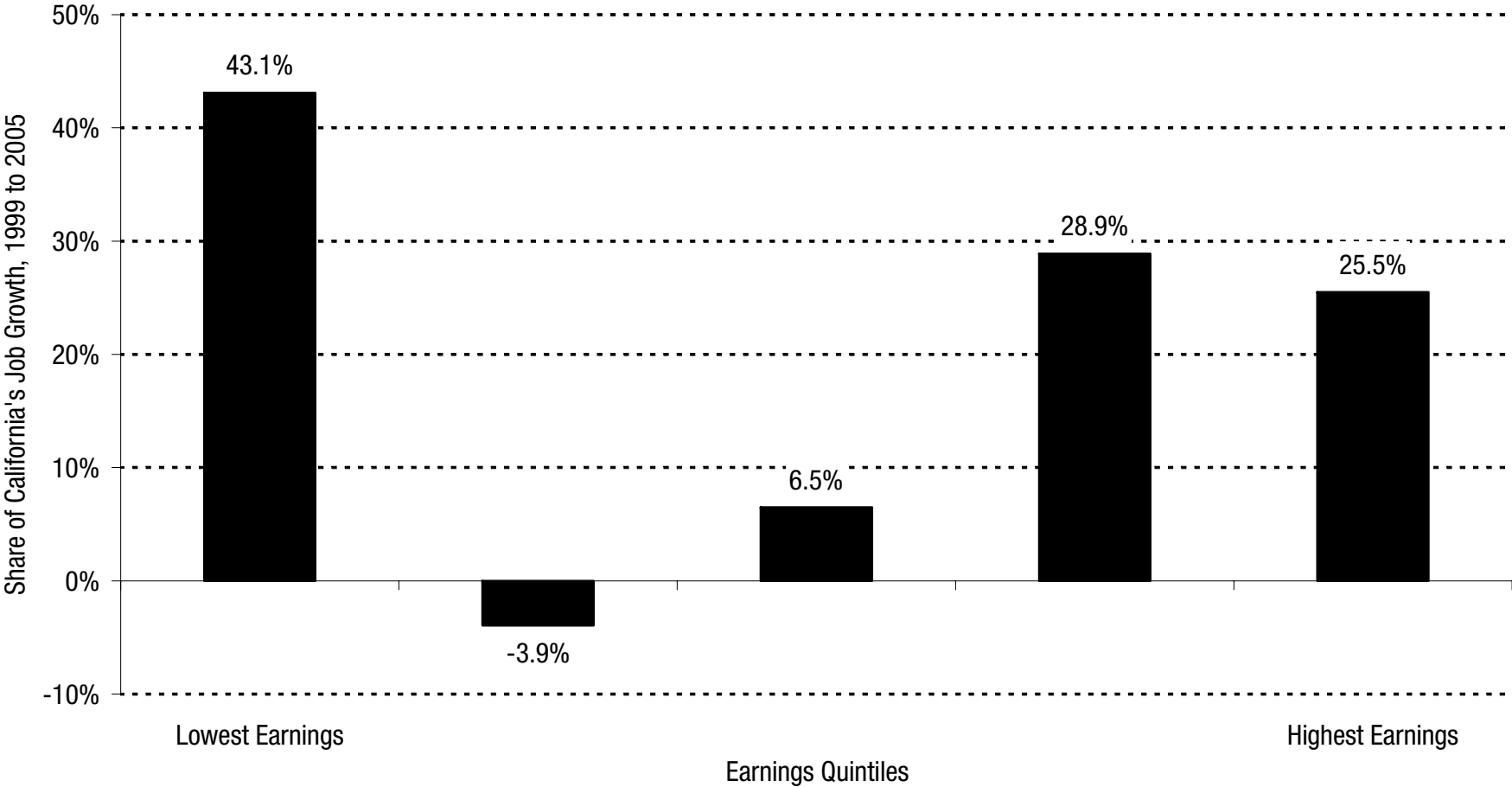
Note: Jobs are sorted into quintiles based on 1979 median hourly earnings.  
Source: CBP analysis of US Census Bureau data

## A Full 70 Percent of California's Job Growth Was Concentrated at the Low and High Ends of the Earnings Distribution in the 1990s



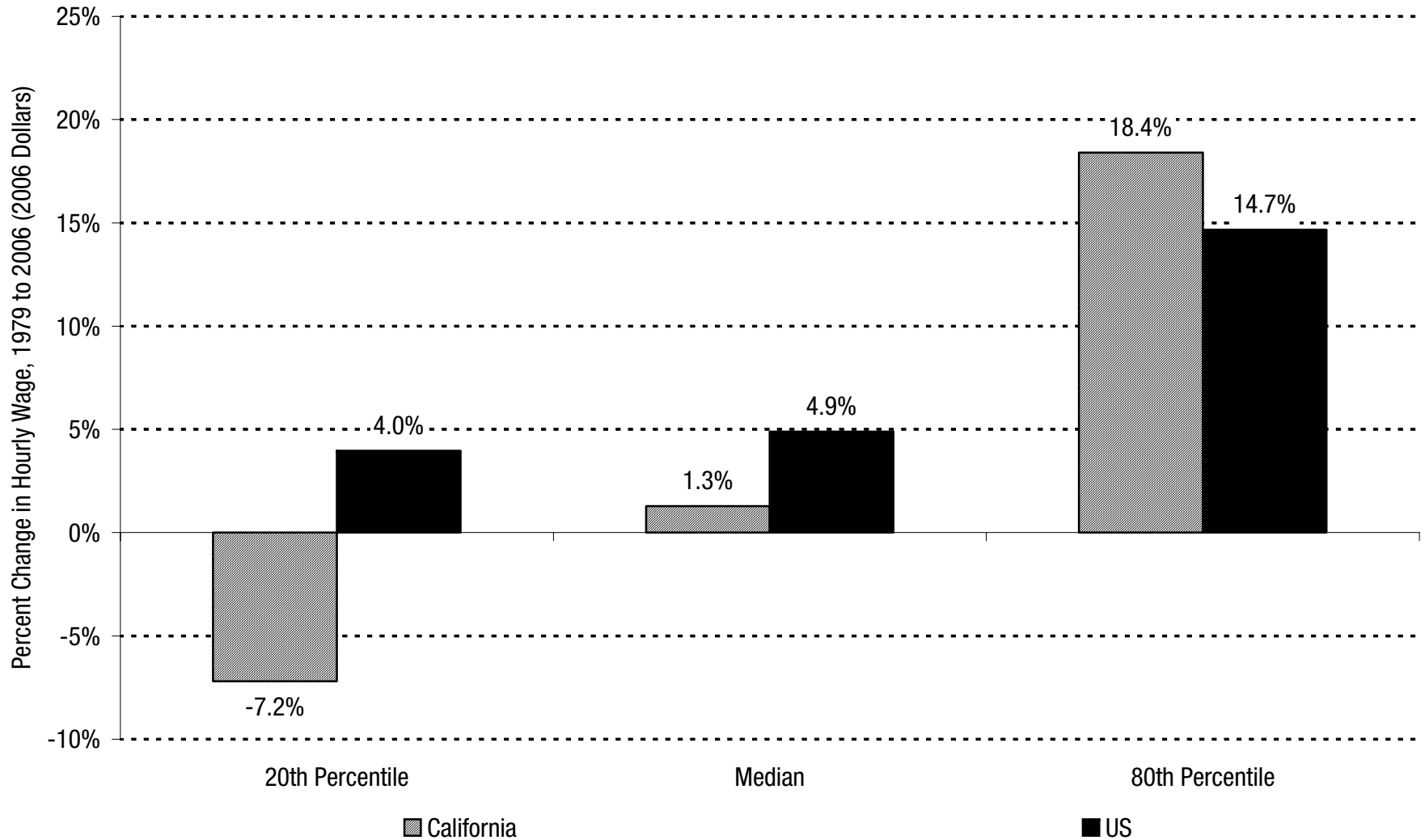
Note: Jobs are sorted into quintiles based on 1979 median hourly earnings.  
 Percentages do not sum to 100 due to rounding.  
 Source: CBP analysis of US Census Bureau data

# California's Job Growth Was Concentrated at the Low End of the Earnings Distribution, 1999 to 2005

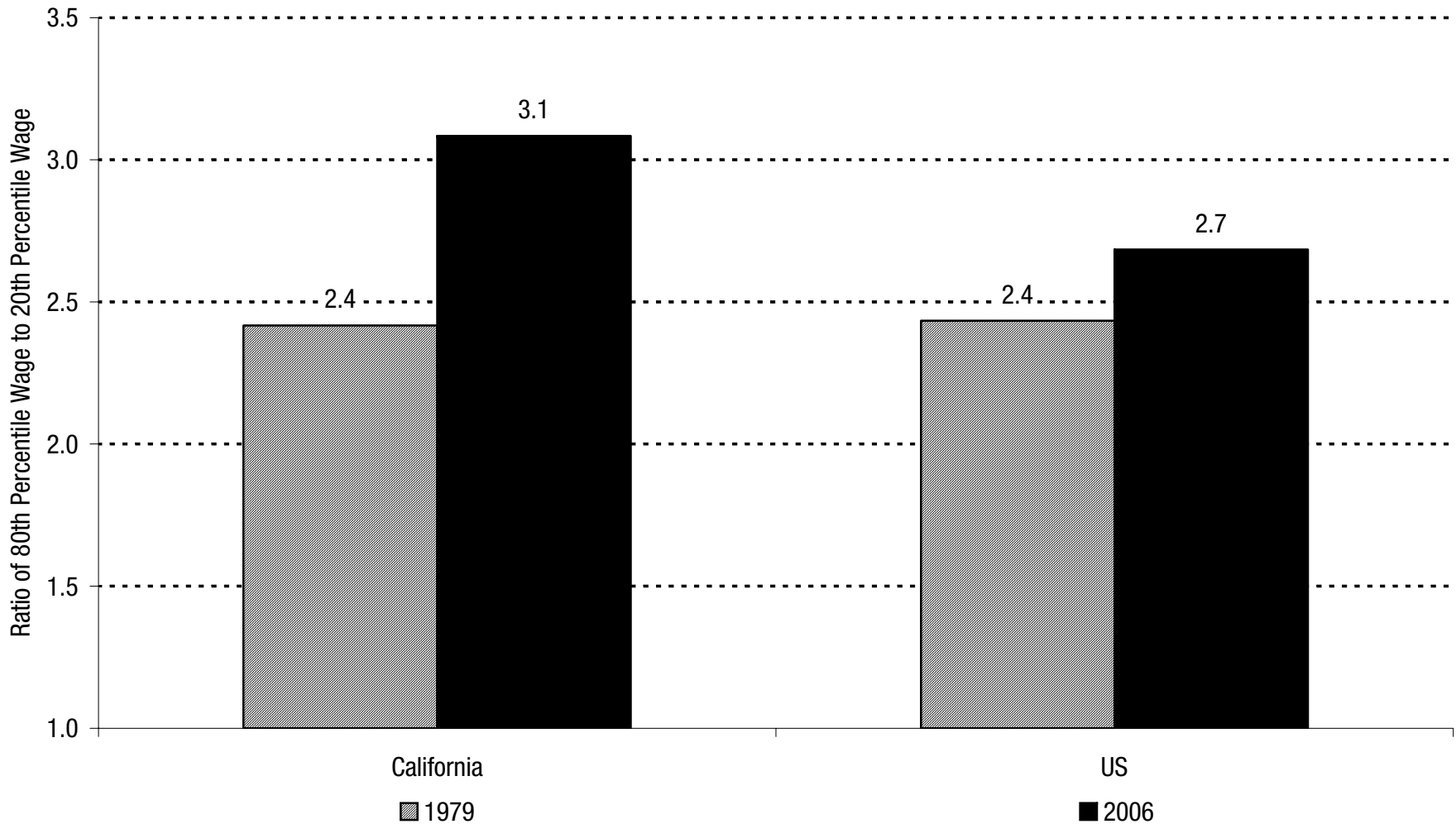


Note: Jobs are sorted into quintiles based on 1979 median hourly earnings.  
Percentages do not sum to 100 due to rounding.  
Source: CBP analysis of US Census Bureau data

## Only California's High-Wage Workers Experienced Sizeable Wage Gains Between 1979 and 2006

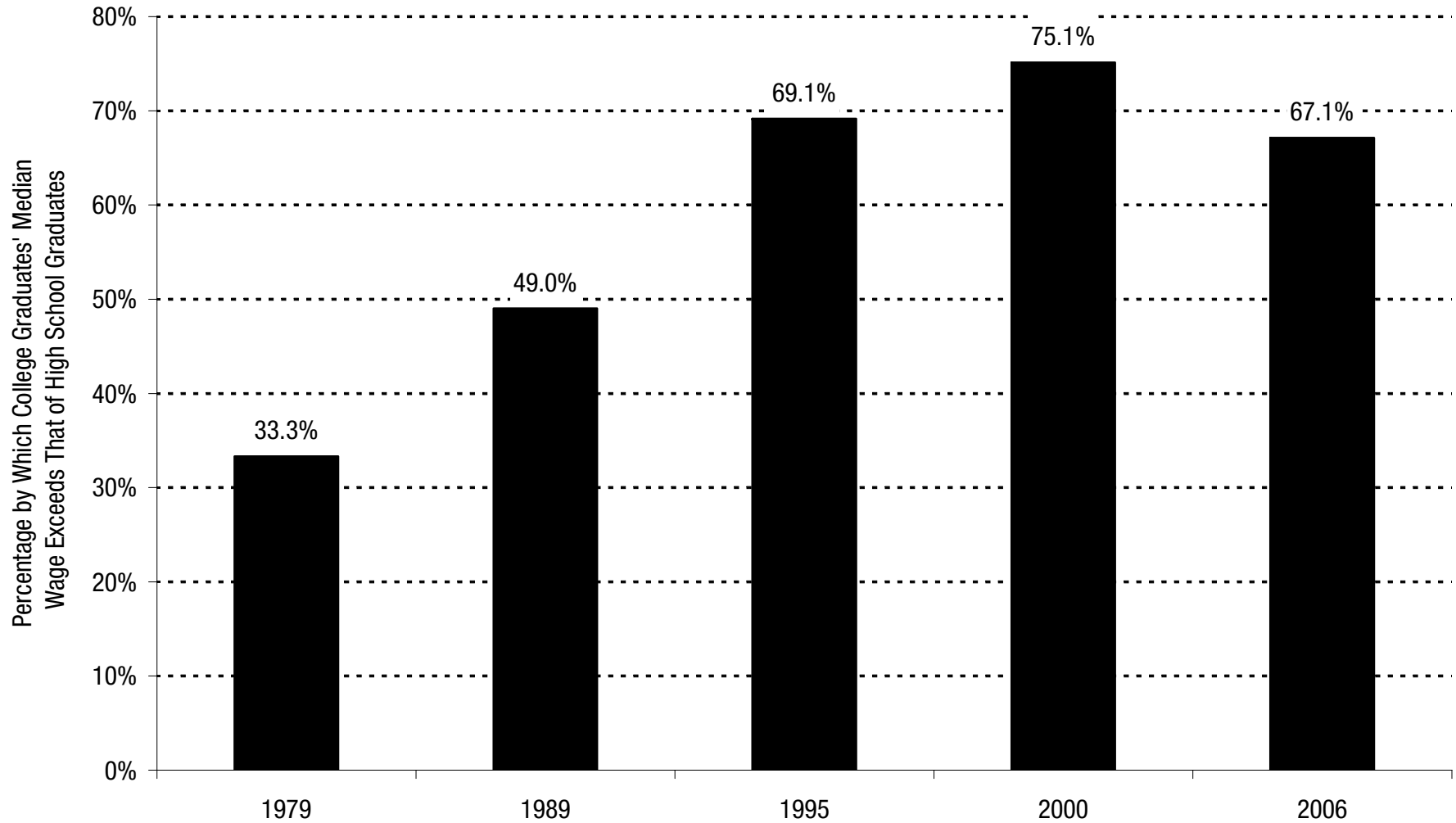


## The Gap Between High-Wage Workers' Wage and Low-Wage Workers' Wage Has Widened



Source: CBP analysis of Current Population Survey data

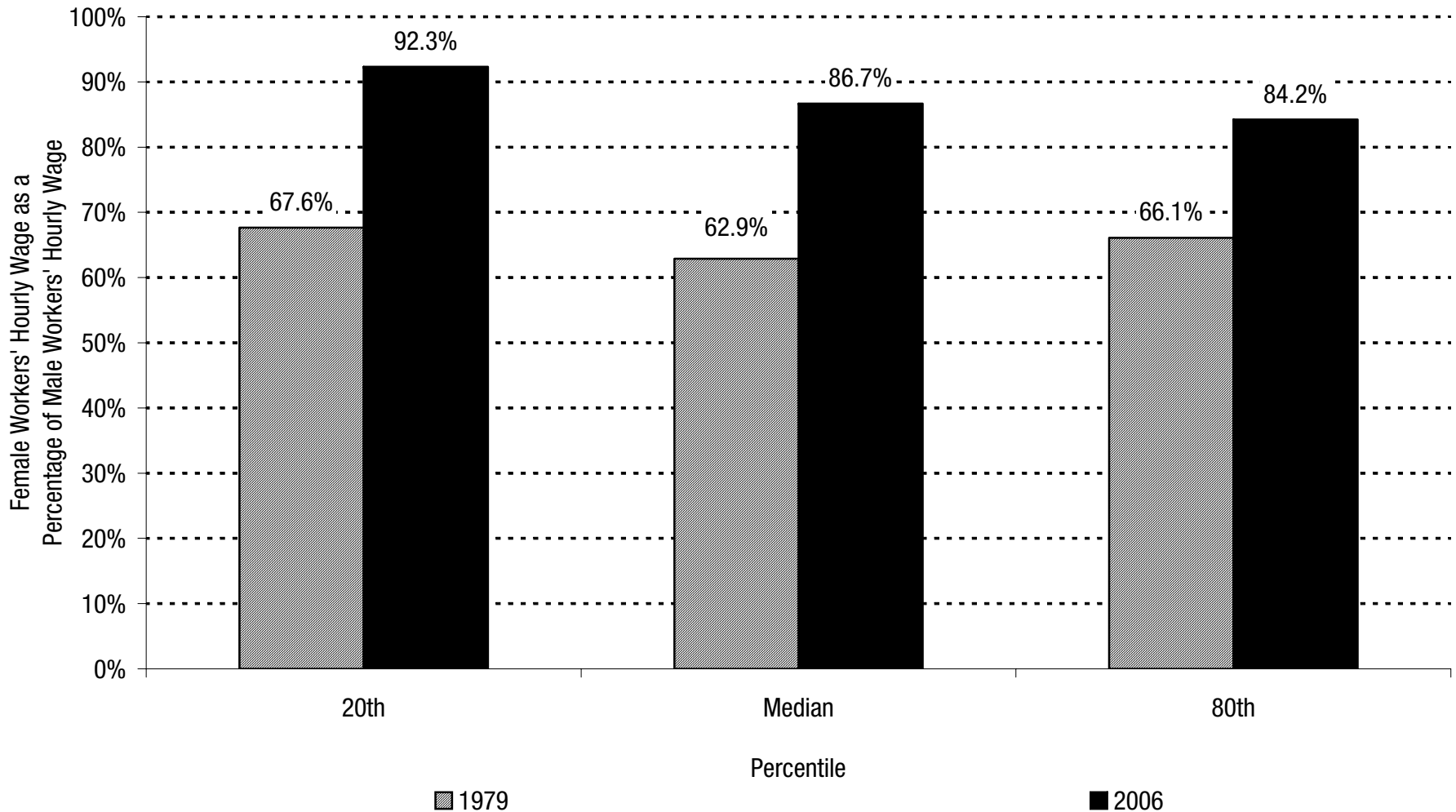
## The Value of a Bachelor's Degree Has Increased Since 1979



Note: Includes workers with a bachelor's degree, but no further post-secondary education.

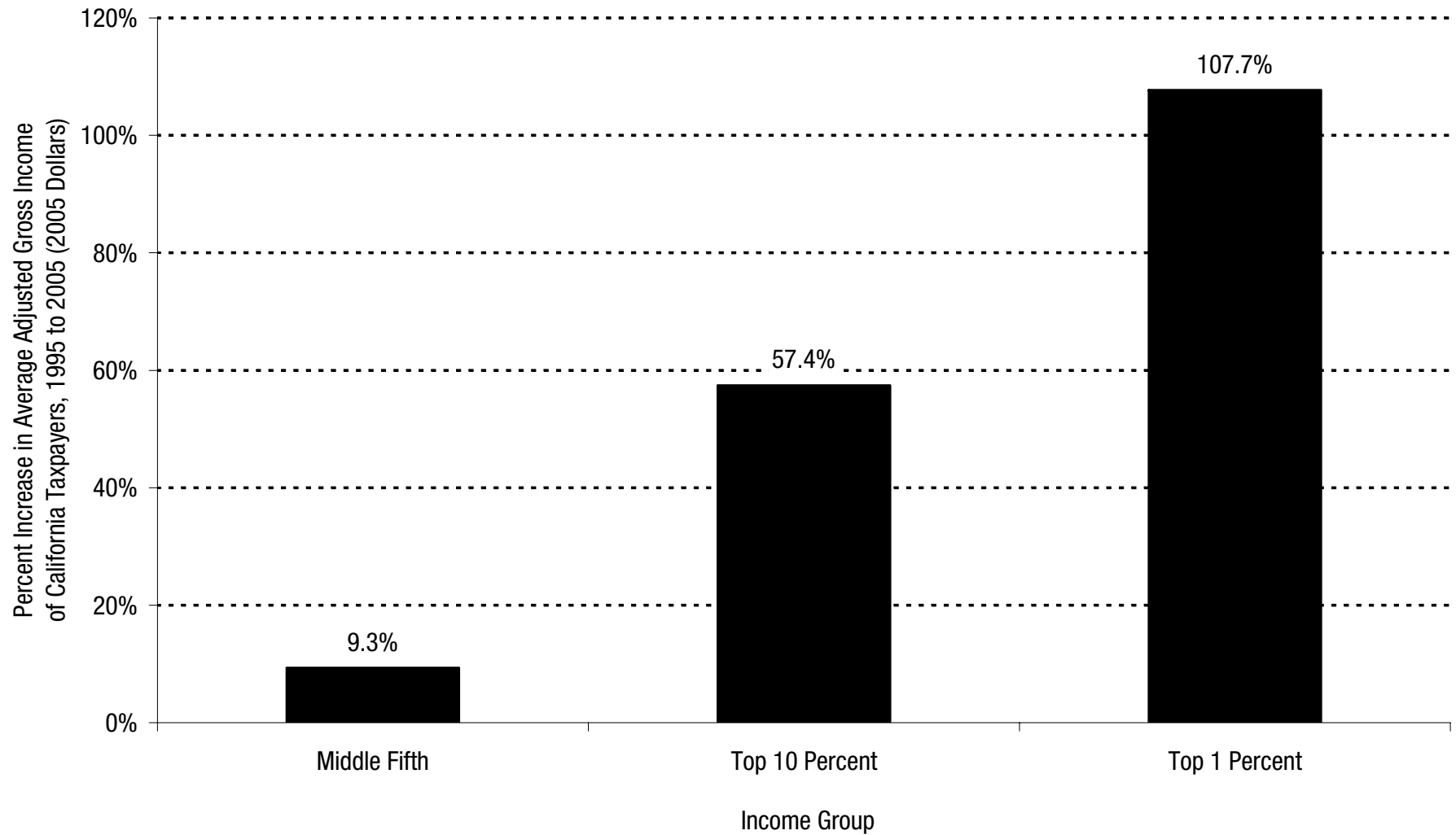
Source: CBP analysis of Current Population Survey data

## The Gap Between Female and Male Workers' Earnings Narrowed Between 1979 and 2006

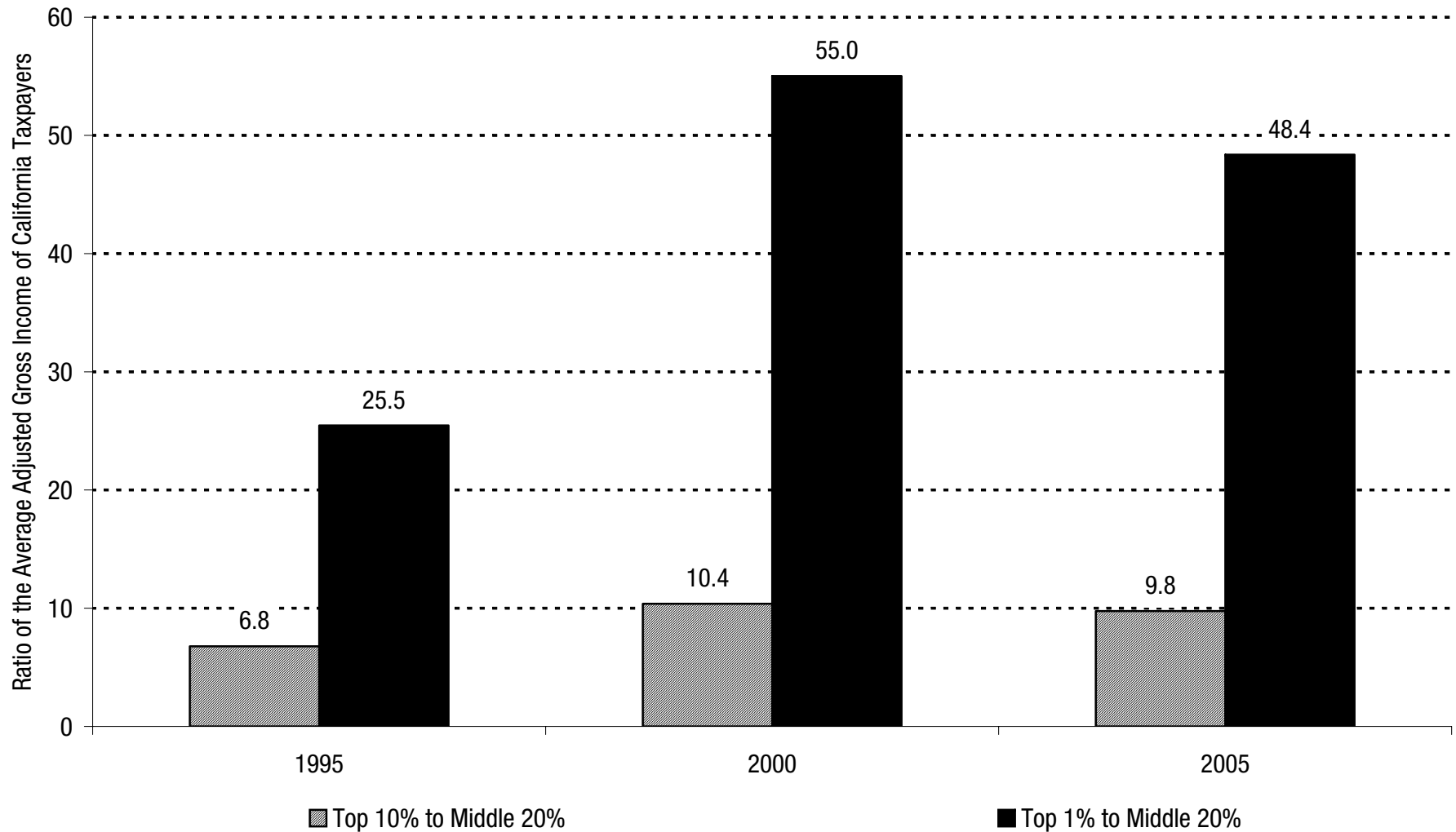


Source: CBP analysis of Current Population Survey data

## The Incomes of the Top 1 Percent of California Taxpayers Doubled Between 1995 and 2005

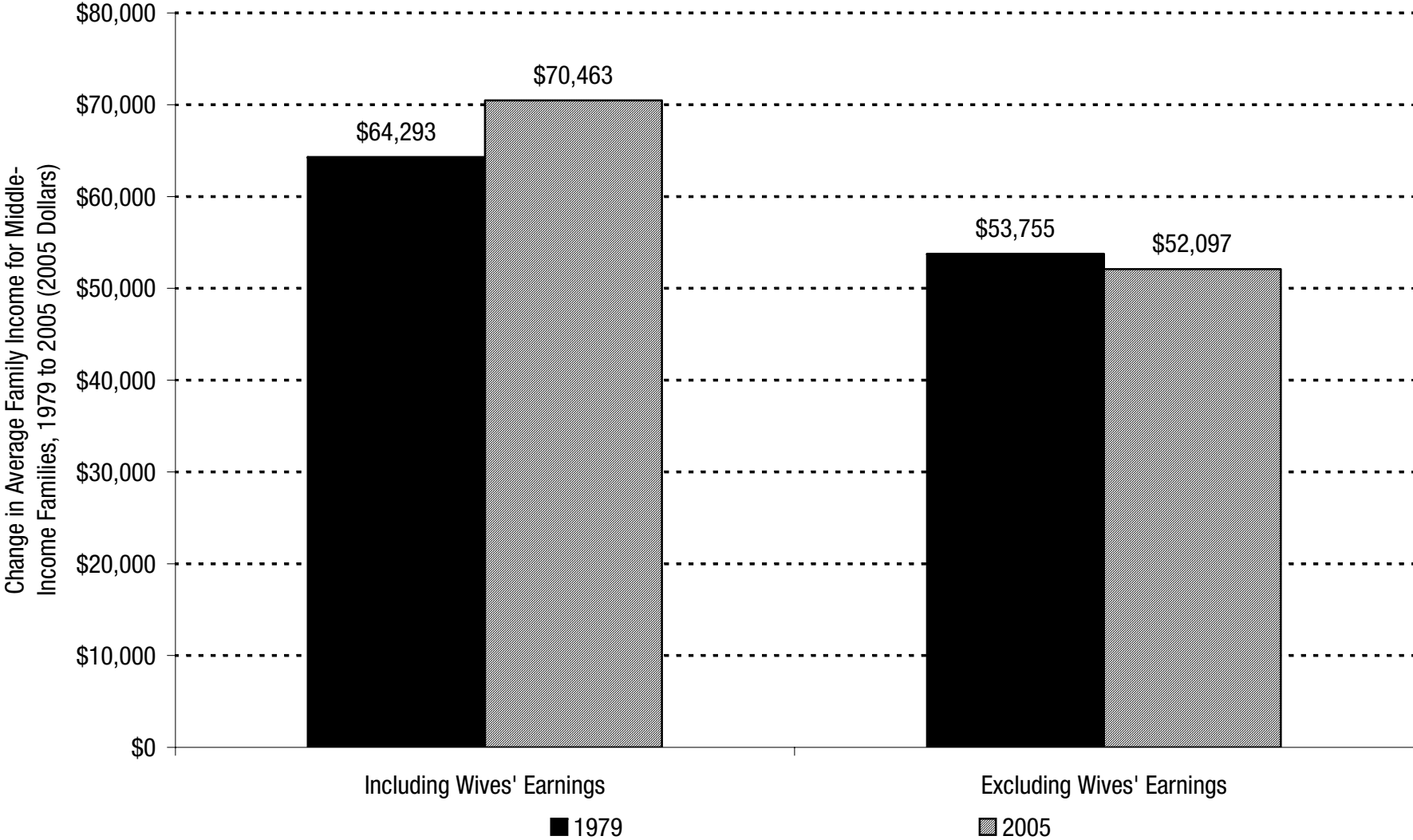


## The Gap Between Middle- and High-Income Californians Widened Between 1995 and 2005

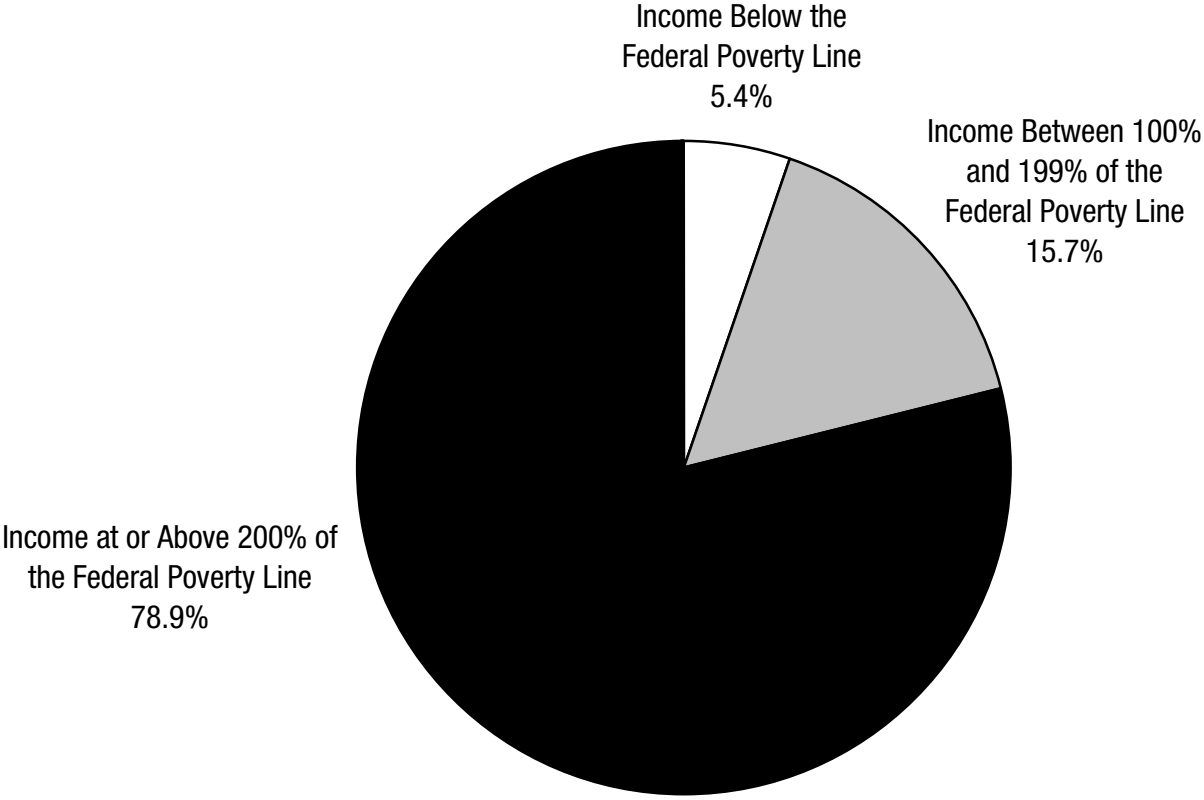


Source: CBP analysis of Franchise Tax Board data

# Wives' Earnings Boosted Family Incomes, 1979 to 2005



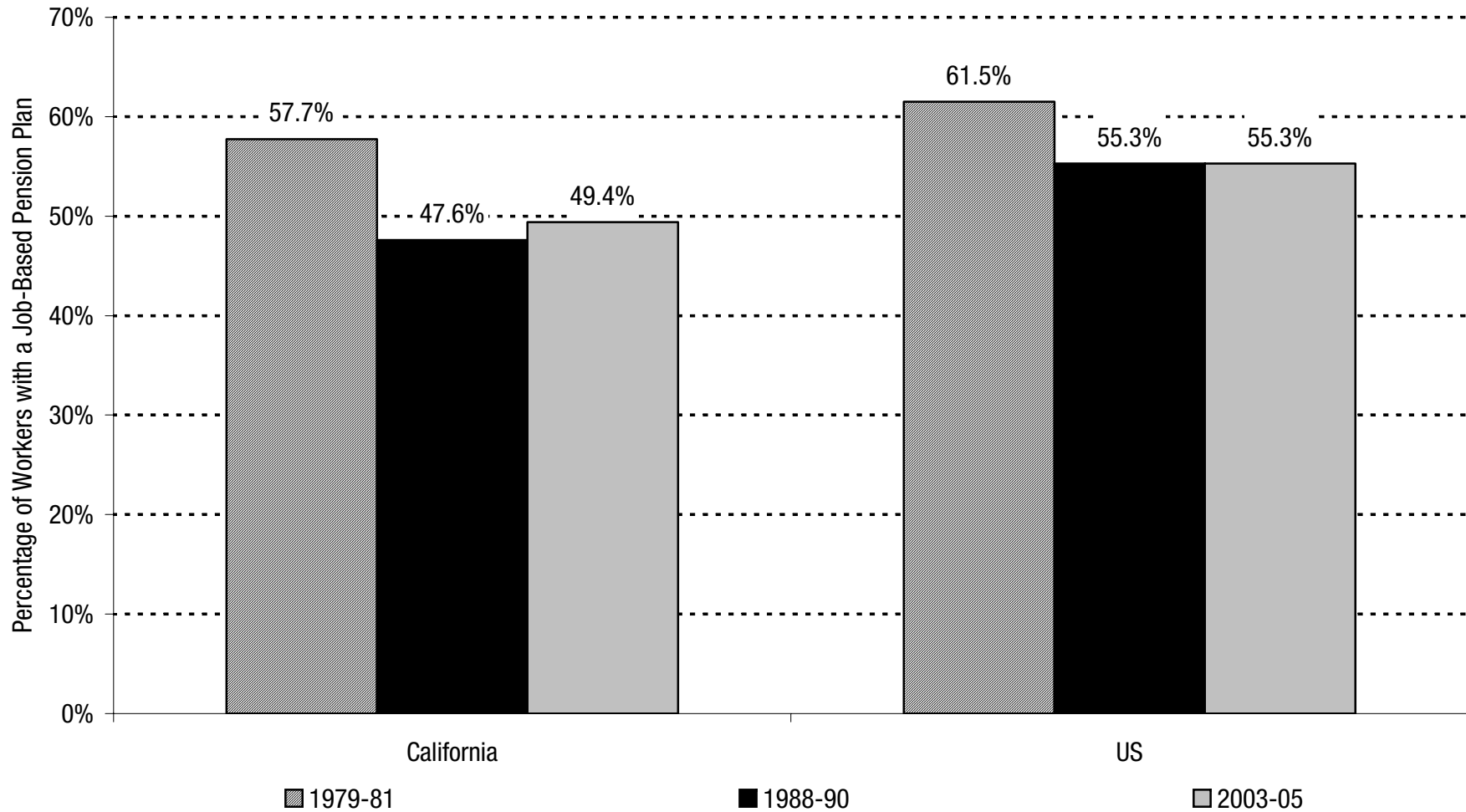
# More Than One-Fifth of California's Working Families Have Incomes Below 200 Percent of the Federal Poverty Line



Total Number of Working Families in California in 2005 = 9.3 Million

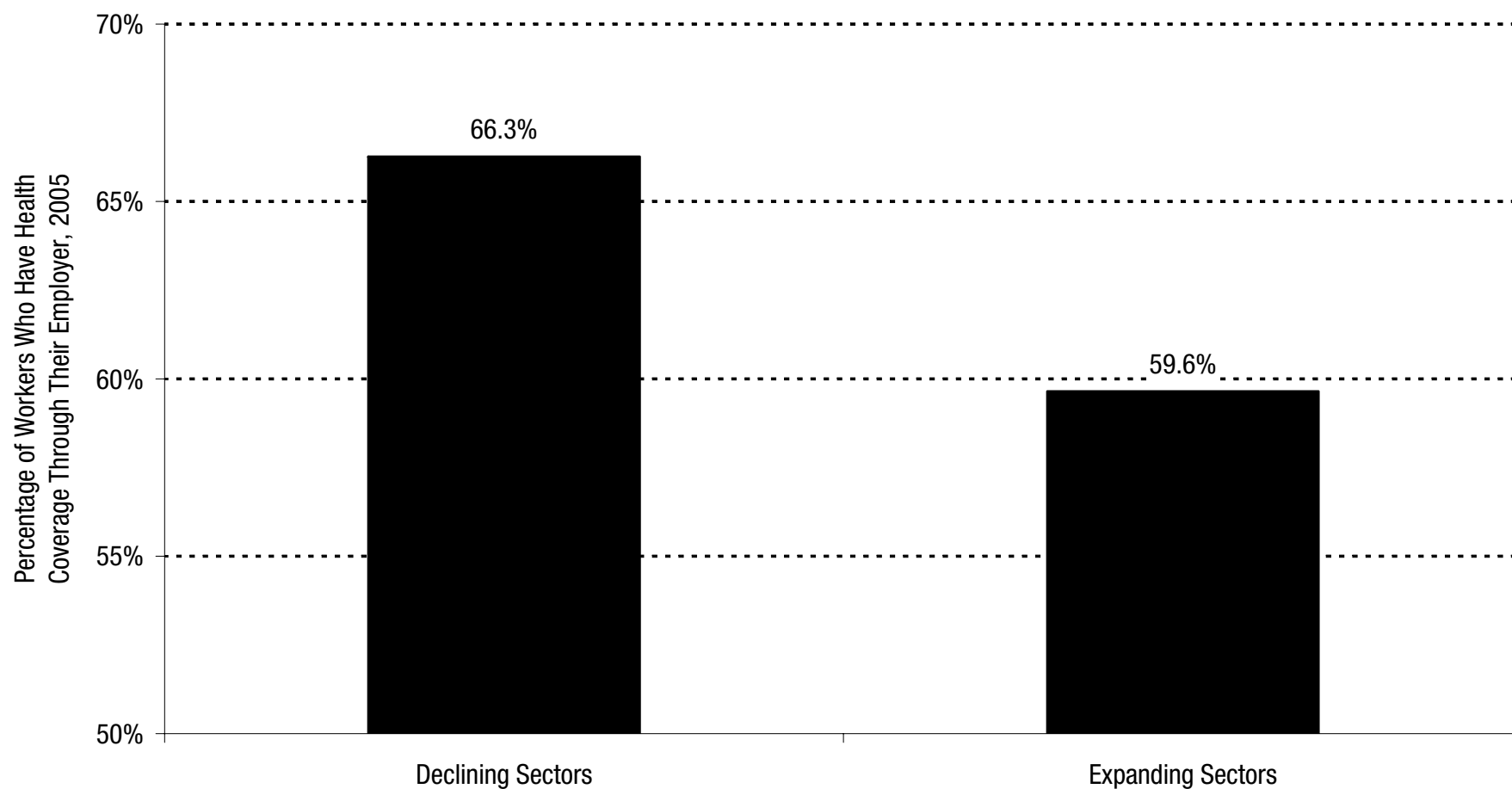
Source: CBP analysis of Current Population Survey data

## The Share of Workers with a Job-Based Pension Plan Has Declined



Note: Includes workers who worked at least 20 hours per week and at least 26 weeks per year.  
Source: CBP analysis of Current Population Survey data

## Workers in Expanding Sectors of the Economy Are Less Likely to Have Job-Based Health Coverage Than Workers in Declining Sectors

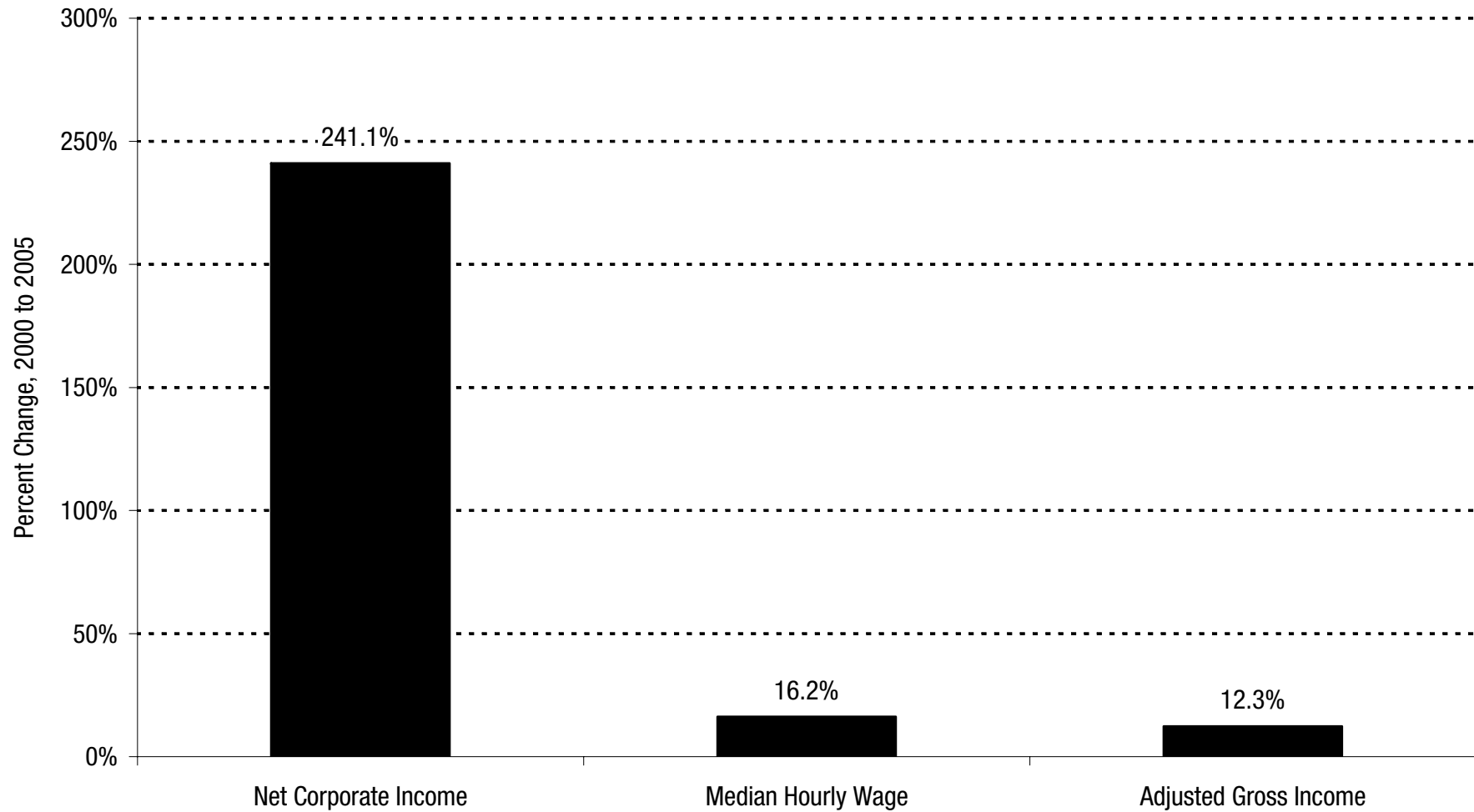


Note: Declining sectors lost jobs between 2000 and 2005; expanding sectors added jobs over the same period.  
Source: CBP analysis of Employment Development Department and California Health Interview Survey data

# Why Has Inequality Widened?

- The reasons are complex and the subject of much debate. Researchers point to a number of factors, including:
  - Technological advancements;
  - Increased international trade;
  - Declining purchasing power of the minimum wage;
  - Impact of decreased union membership on wages; and
  - International immigration.

## Growth in Corporate Income Far Outpaced That of Wages and Adjusted Gross Income During the Recovery

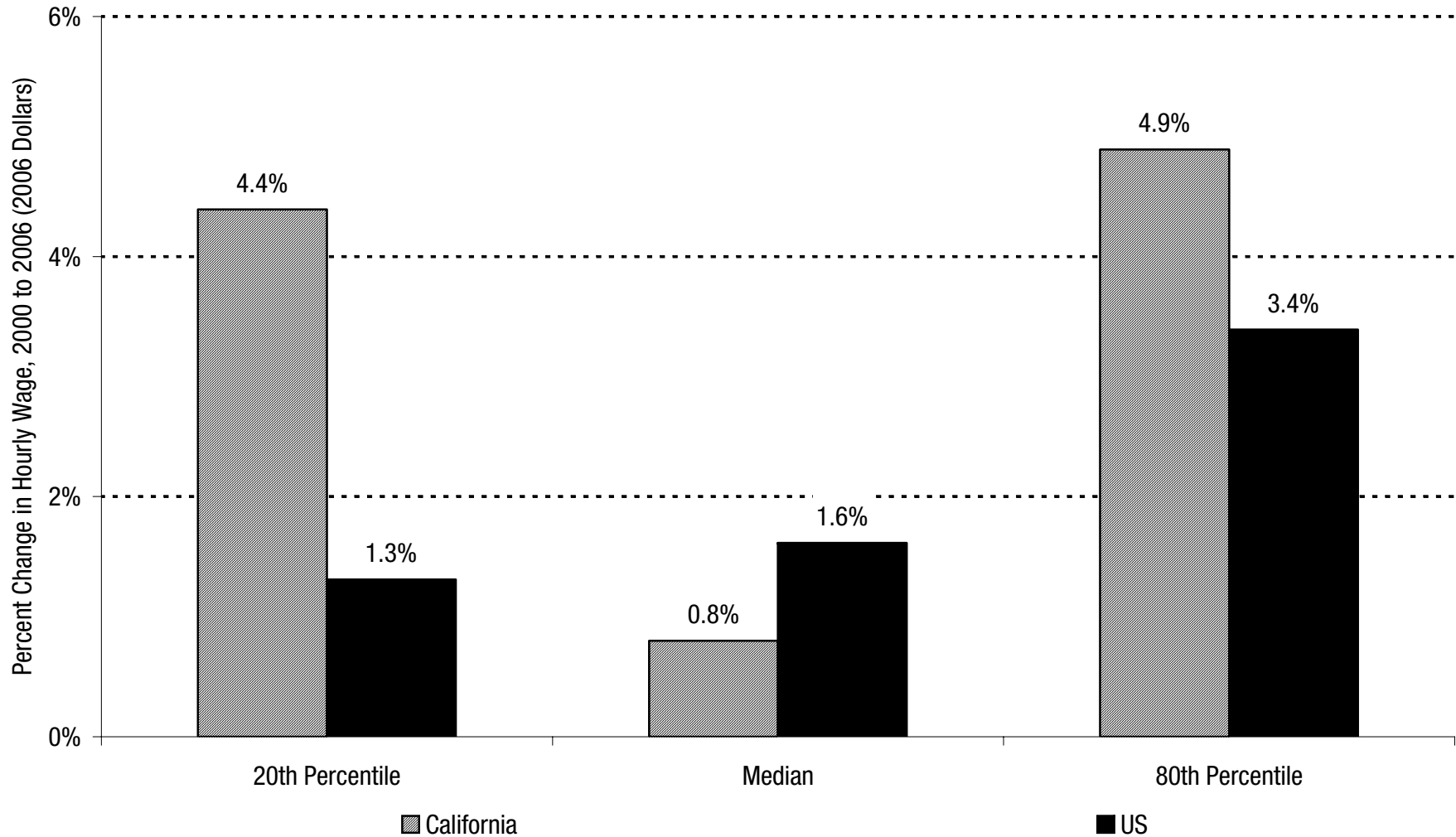


Note: All data are for California. Corporate and adjusted gross income reflect income reported for tax purposes.

Figures are not adjusted for inflation.

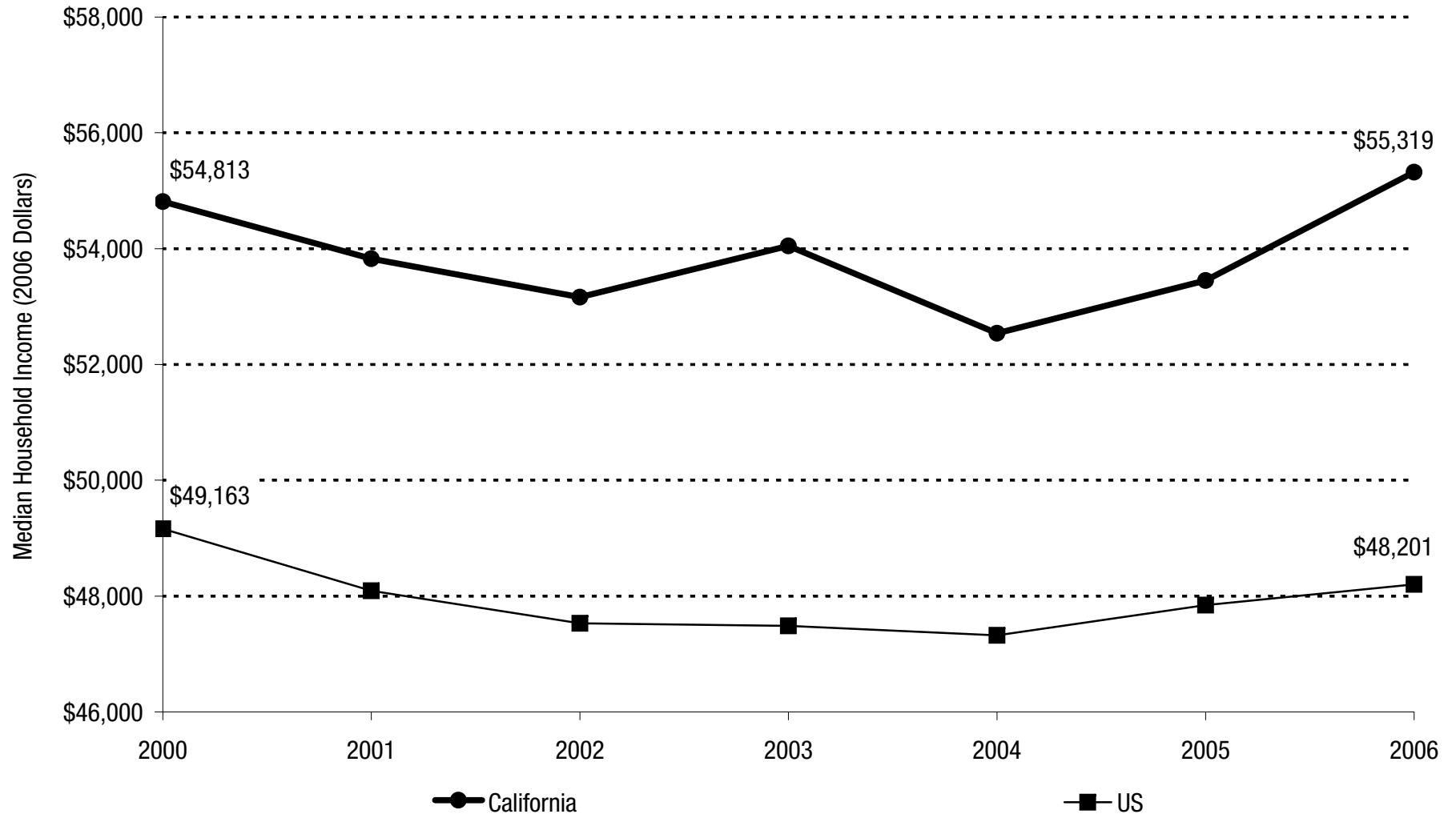
Source: CBP analysis of Franchise Tax Board and Current Population Survey data

## The Wage Gain of the Typical California Worker Lagged That of the Typical US Worker, 2000 to 2006

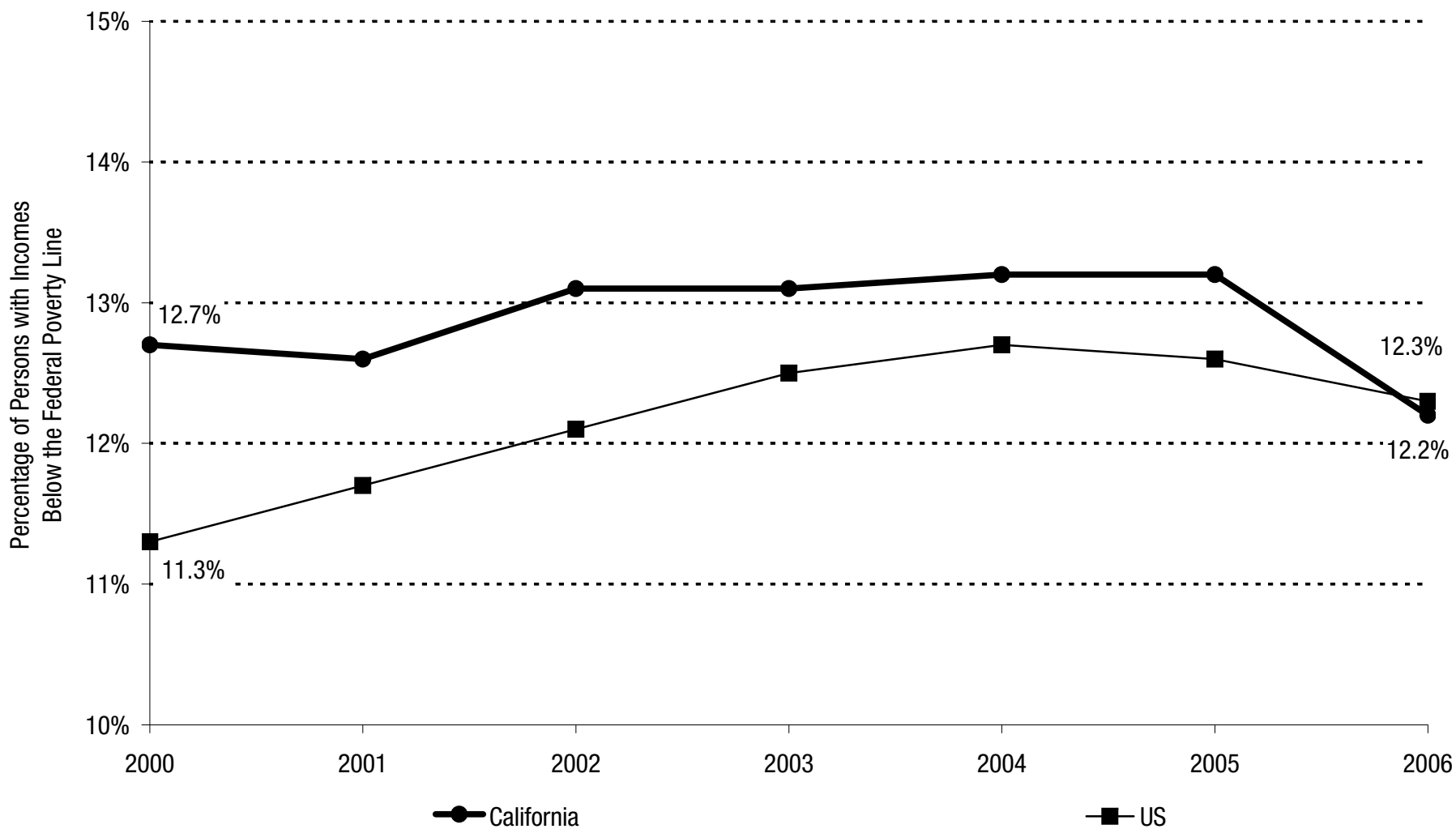


Source: CBP analysis of Current Population Survey data

## California's Median Household Income Did Not Fully Rebound from the Recession Until 2006

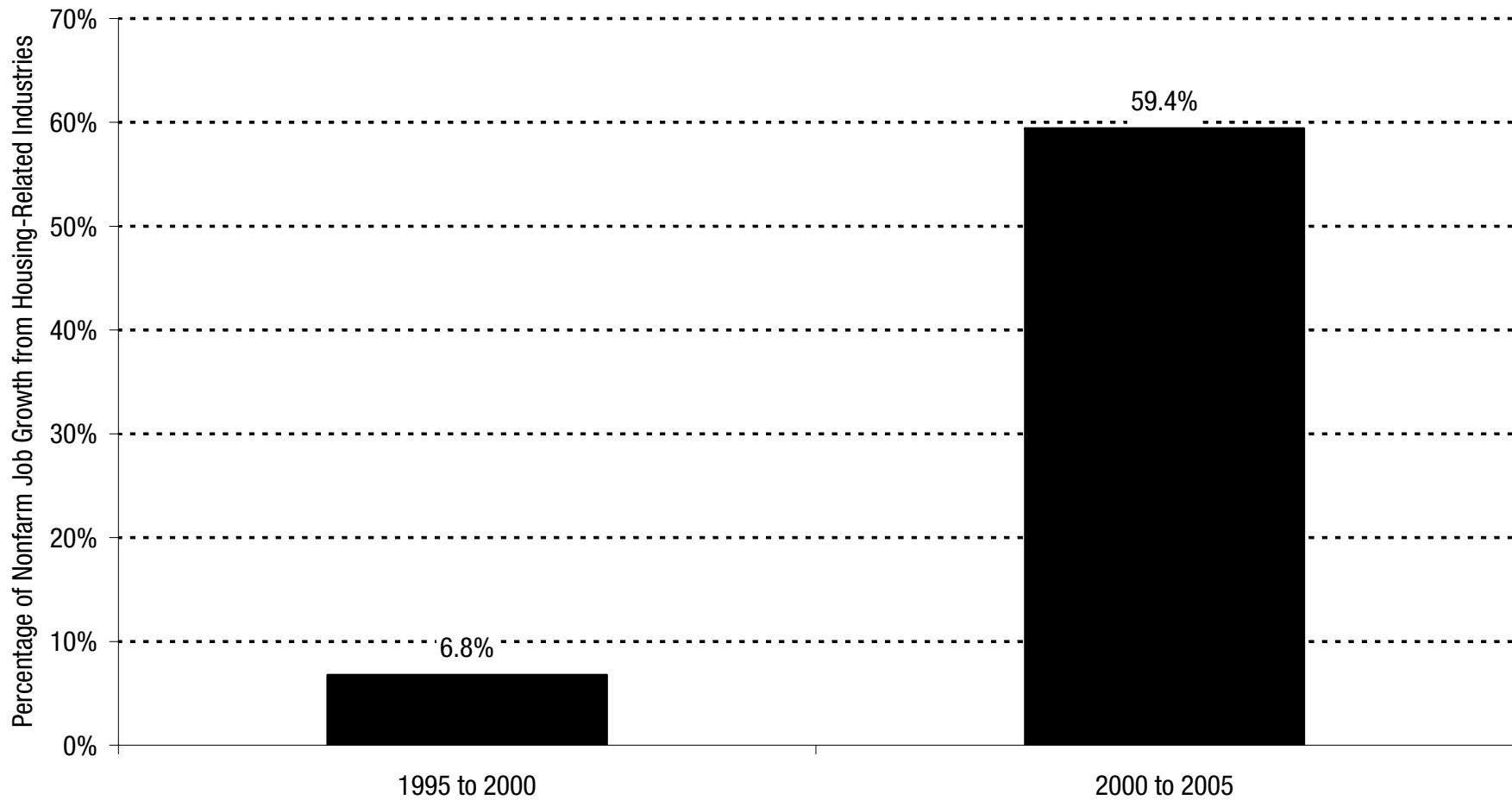


## California's Poverty Rate Did Not Drop Below Its 2000 Level Until 2006



## Housing-Related Industries Drove Job Growth Between 2000 and 2005

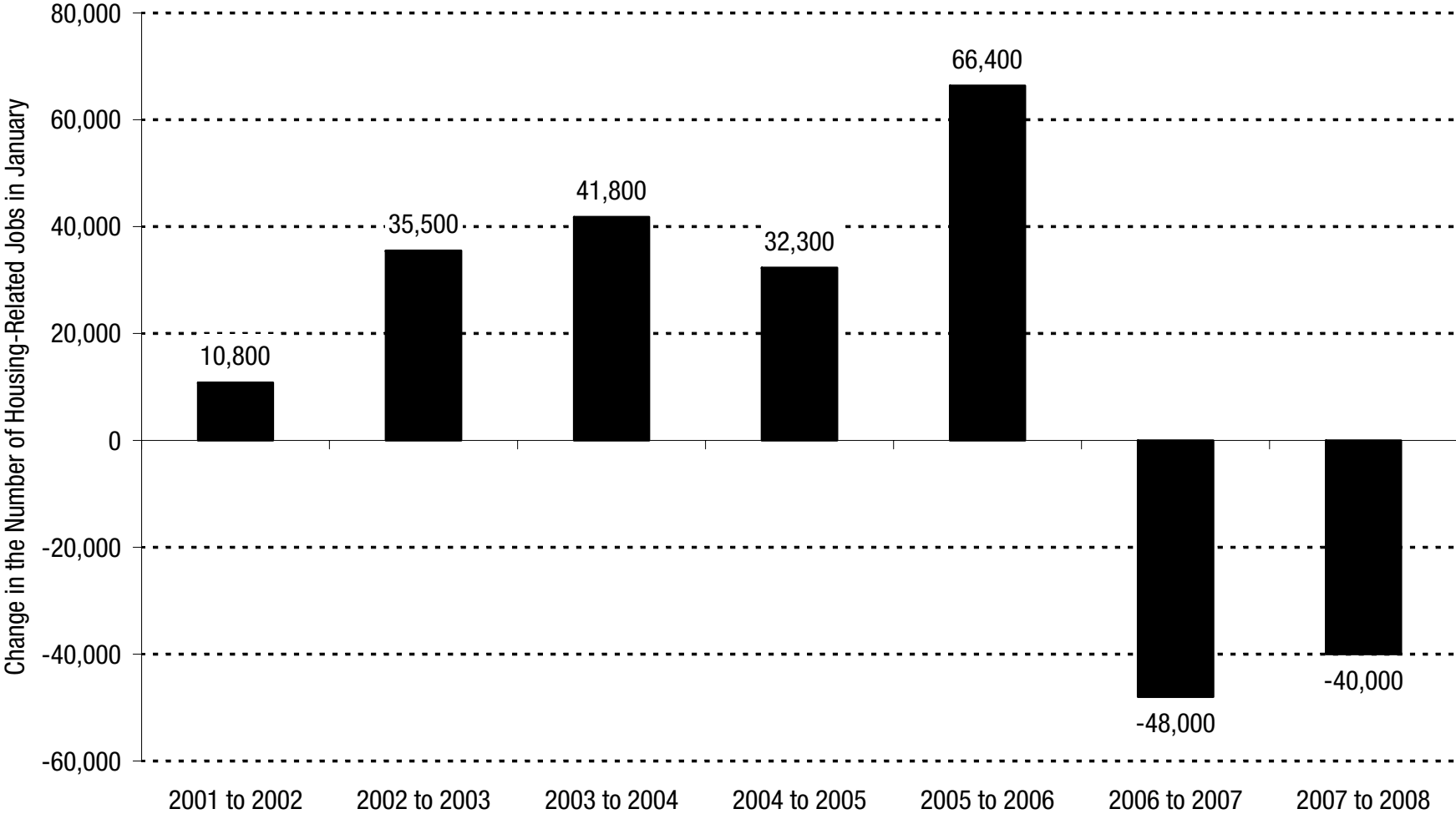
Fewer Than 4 Percent of 2000 Jobs Were Housing-Related



Note: Housing-related industries include residential construction, residential specialty trade contracting, and real estate.

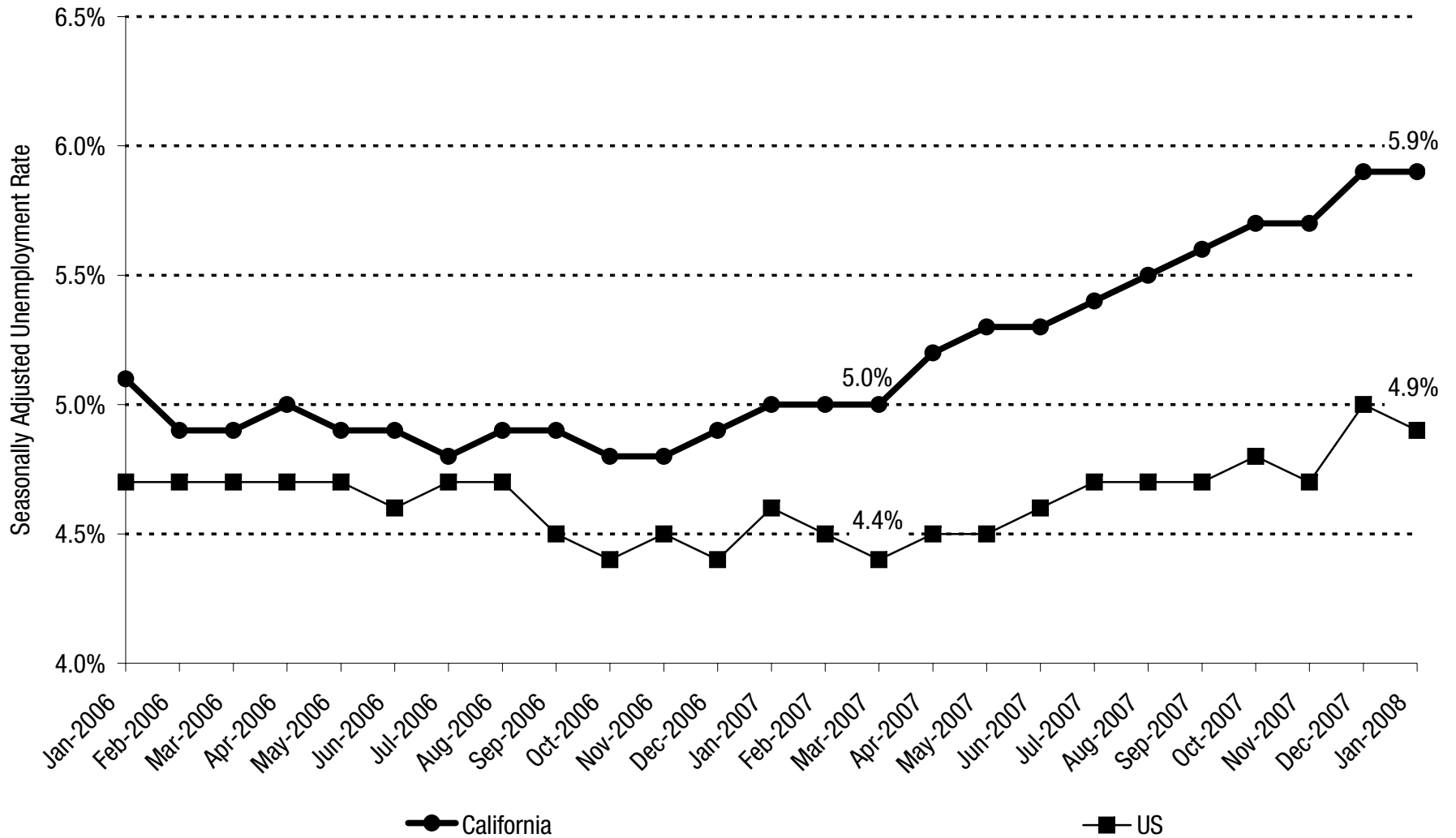
Source: CBP analysis of Employment Development Department data

# The Number of Housing-Related Jobs Declined Between January 2006 and 2008



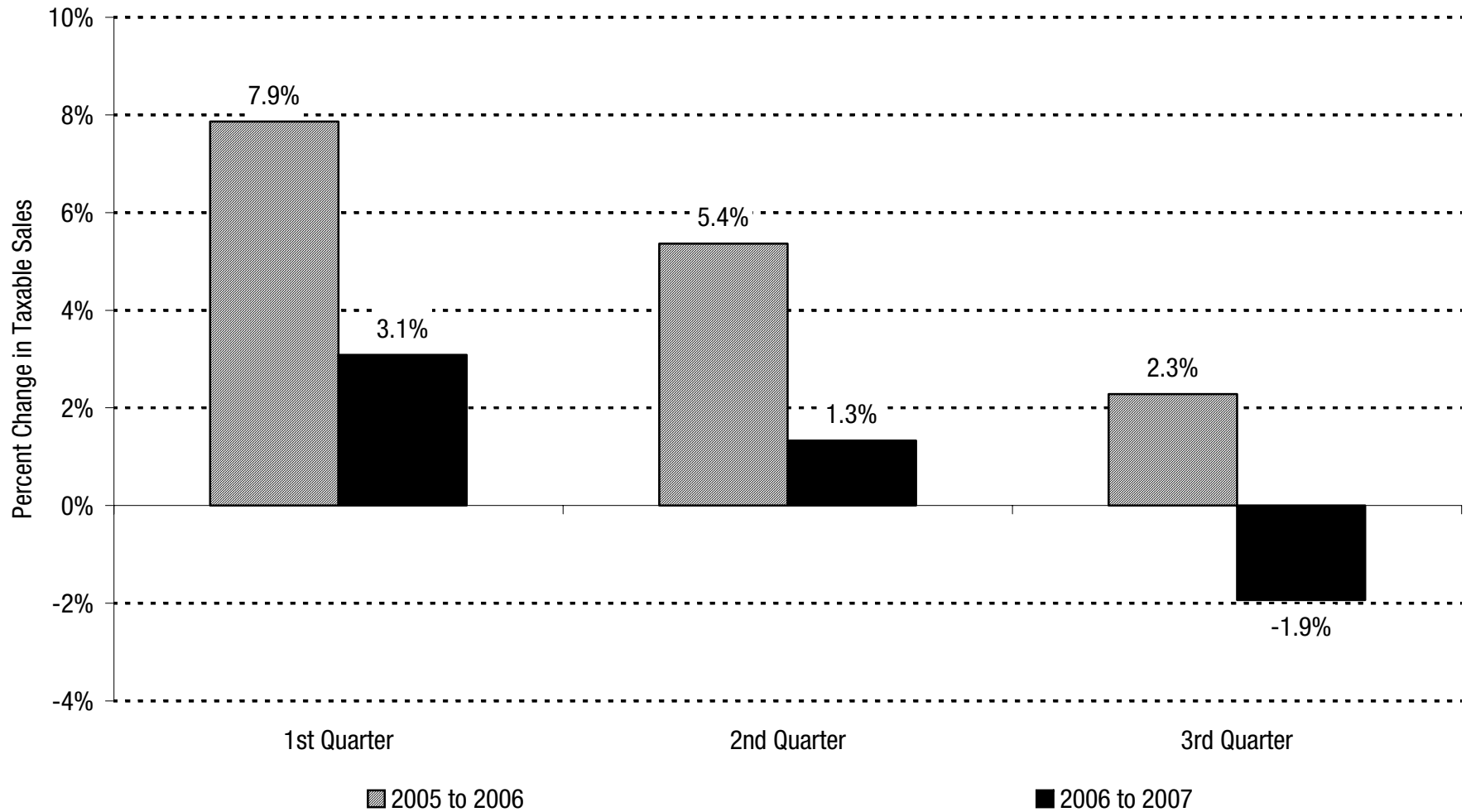
Note: Housing-related industries include residential construction, residential specialty-trade contracting, and real estate.  
Source: CBP analysis of Employment Development Department data

## California's Unemployment Rate Increased Steadily in Recent Months



Source: Employment Development Department and US Bureau of Labor Statistics

## California's Taxable Sales Declined in the Third Quarter of 2007



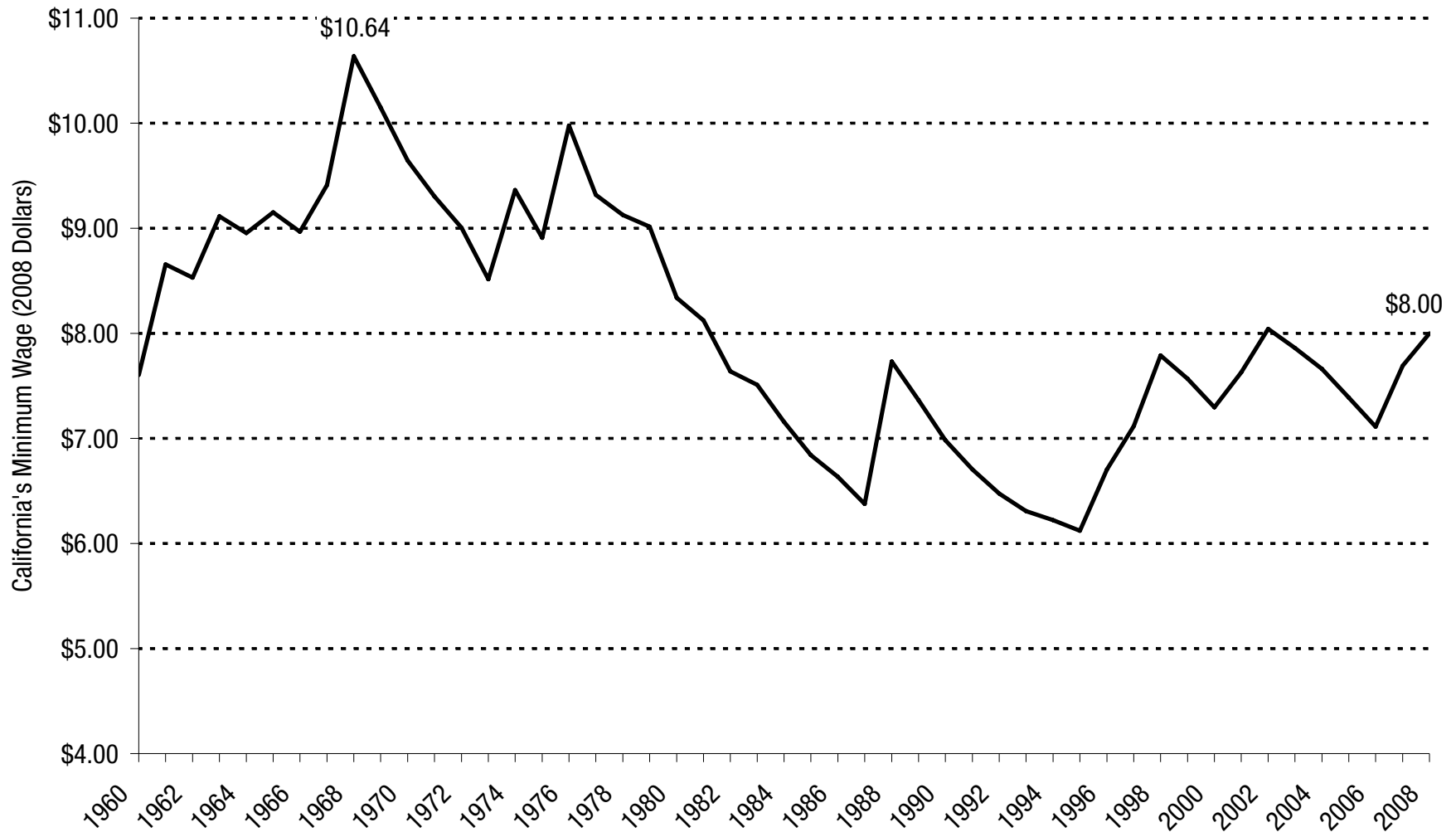
Note: 2nd and 3rd quarter 2007 data are preliminary.

Source: Department of Finance

# Conclusion

- A generation of widening inequality highlights the importance of public policies that address the gap between rich and poor.
- *Hard Work and a Fair Shot* outlines a policy agenda to help low-income working families make ends meet, including policies that:
  - Increase families' incomes;
  - Help families afford basic necessities; and
  - Help families build and protect assets.
- Visit our website at [www.cbp.org](http://www.cbp.org).

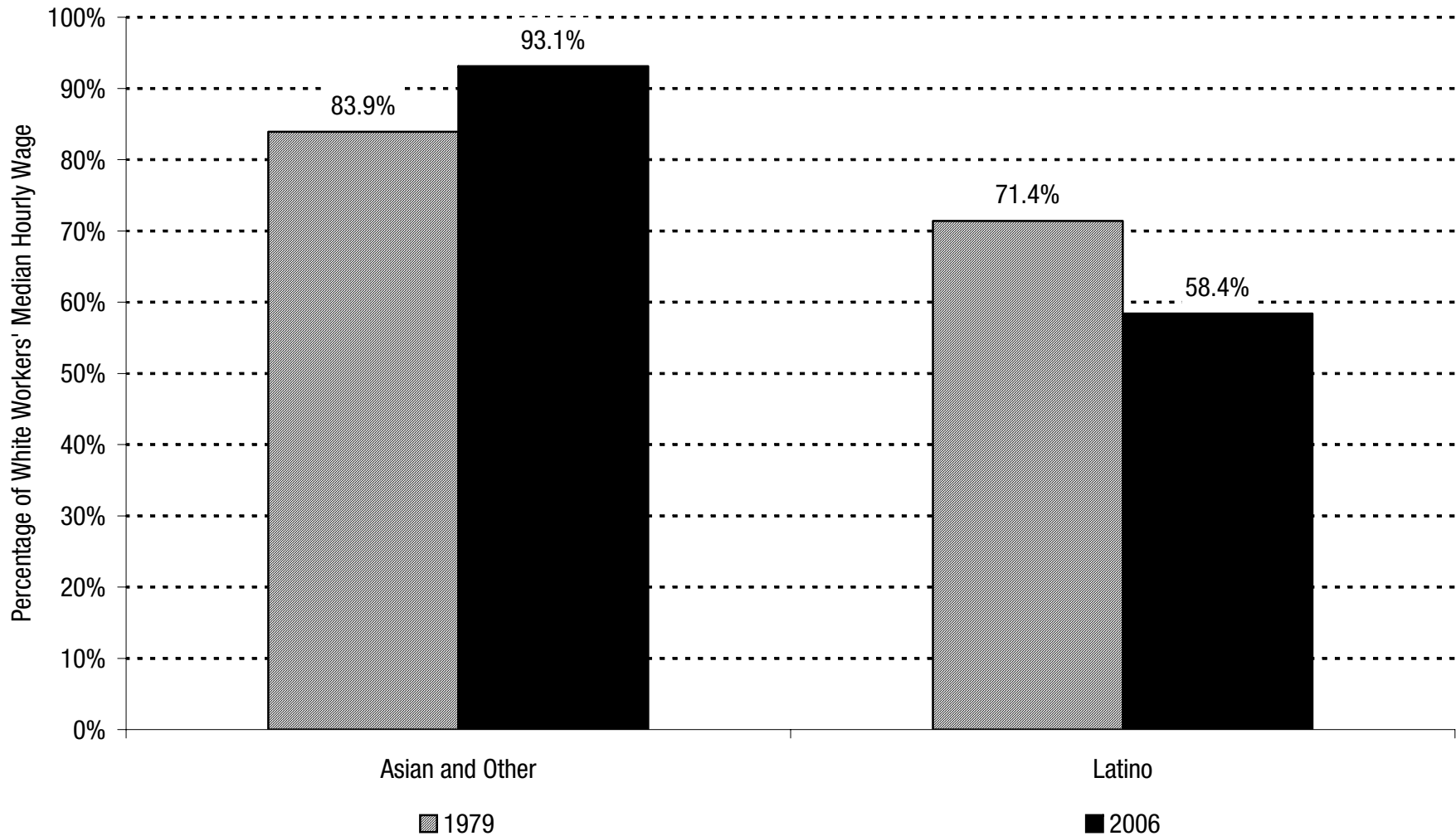
## The 2008 Purchasing Power of California's Minimum Wage Is 24.8 Percent Below Its 1968 Value





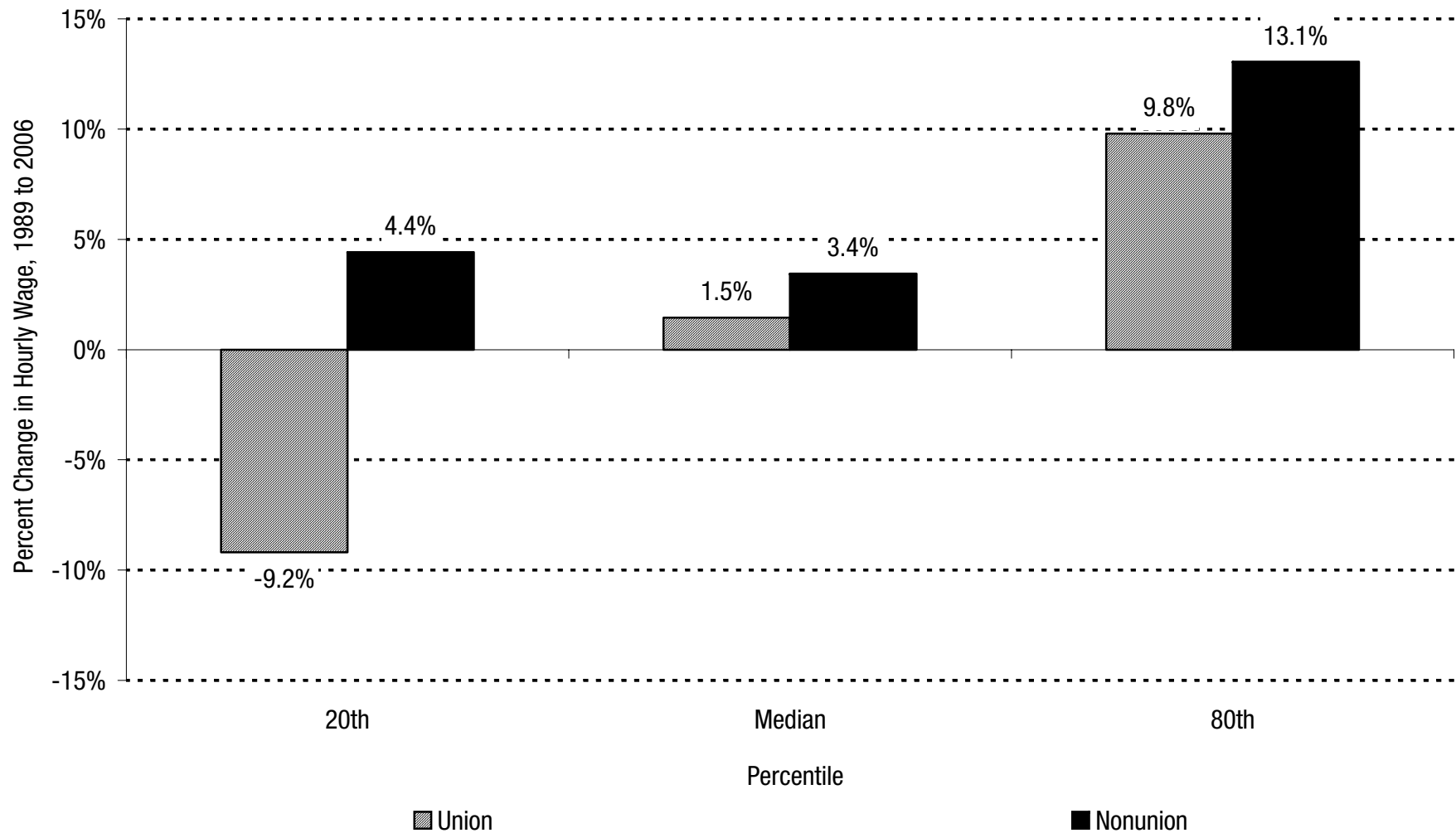
# Additional Slides

## The Wage Gap Between Latino and White Workers Widened Between 1979 and 2006

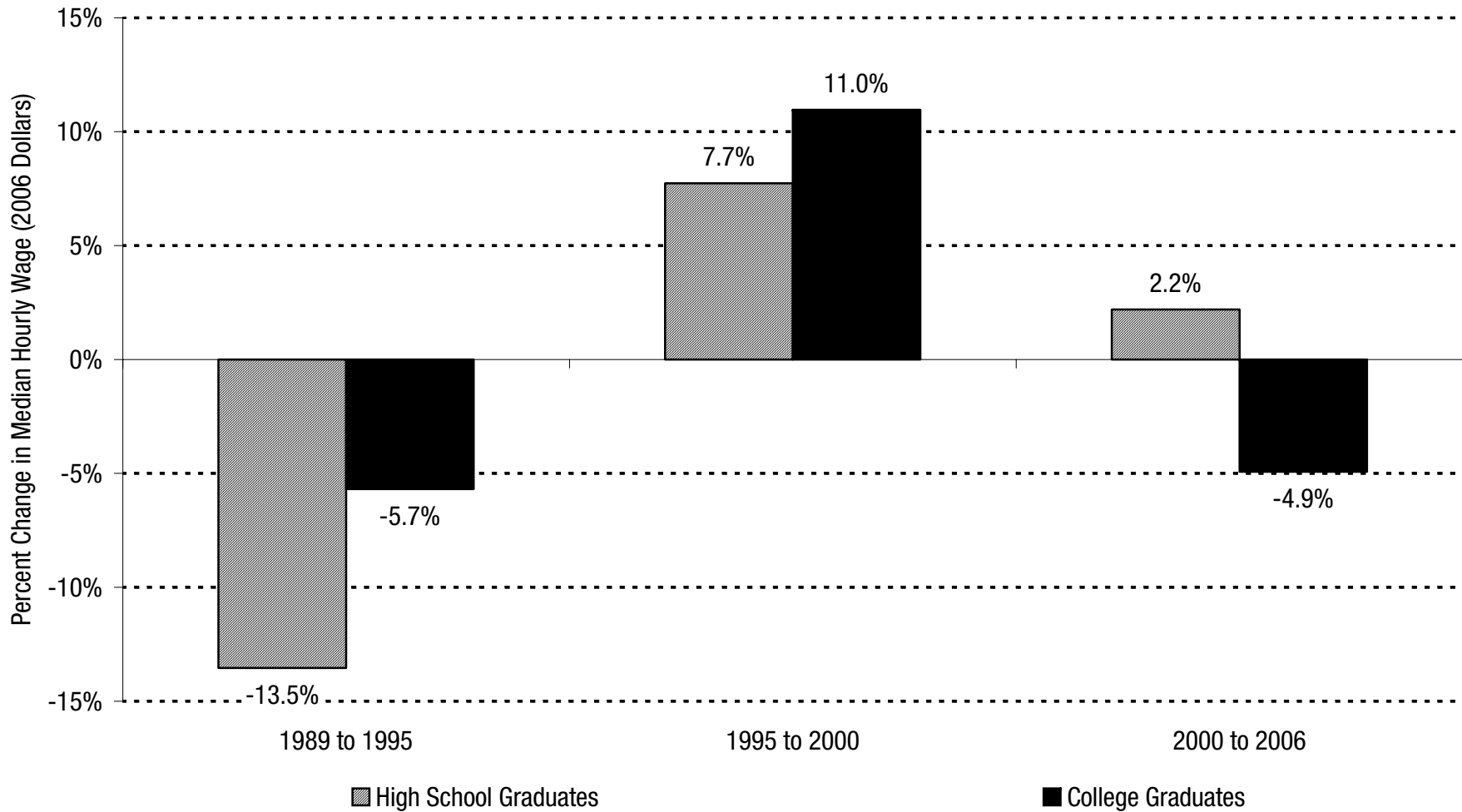


Source: CBP analysis of Current Population Survey data

## Nonunion Workers' Wage Gains Have Outpaced Those of Their Union Counterparts



## Young College Graduates Fared Worse Than Young High School Graduates, 2000 to 2006



Note: High school graduates include workers age 19 through 25. College graduates include workers age 23 through 29.  
 Source: CBP analysis of Current Population Survey data