



CALIFORNIA BUDGET PROJECT

# How Bad Is It?

## What the Latest Employment, Wage, and Income Trends Mean for California

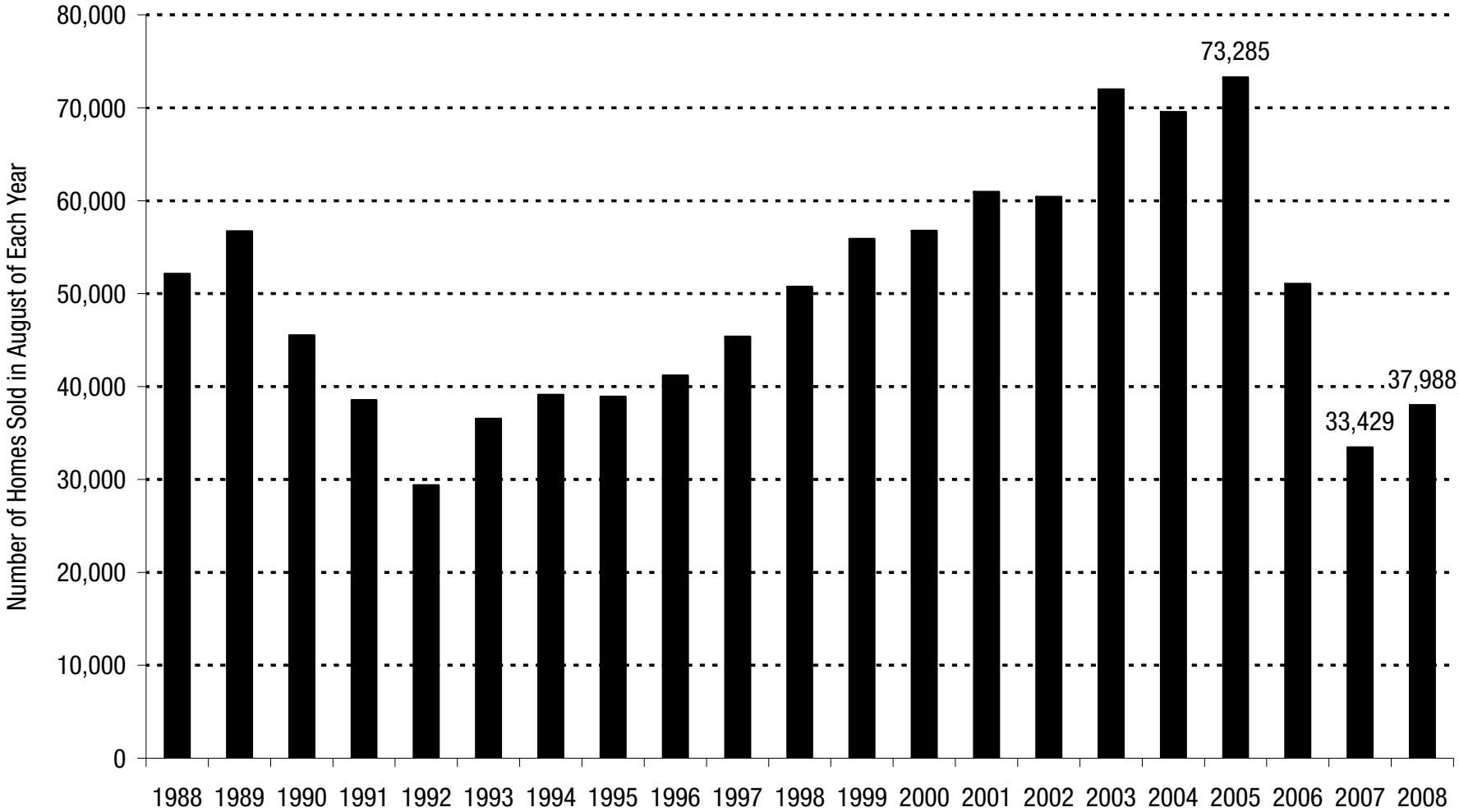
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A PRESENTATION BY  
THE CALIFORNIA BUDGET PROJECT  
March 2009

# Purpose of the Workshop

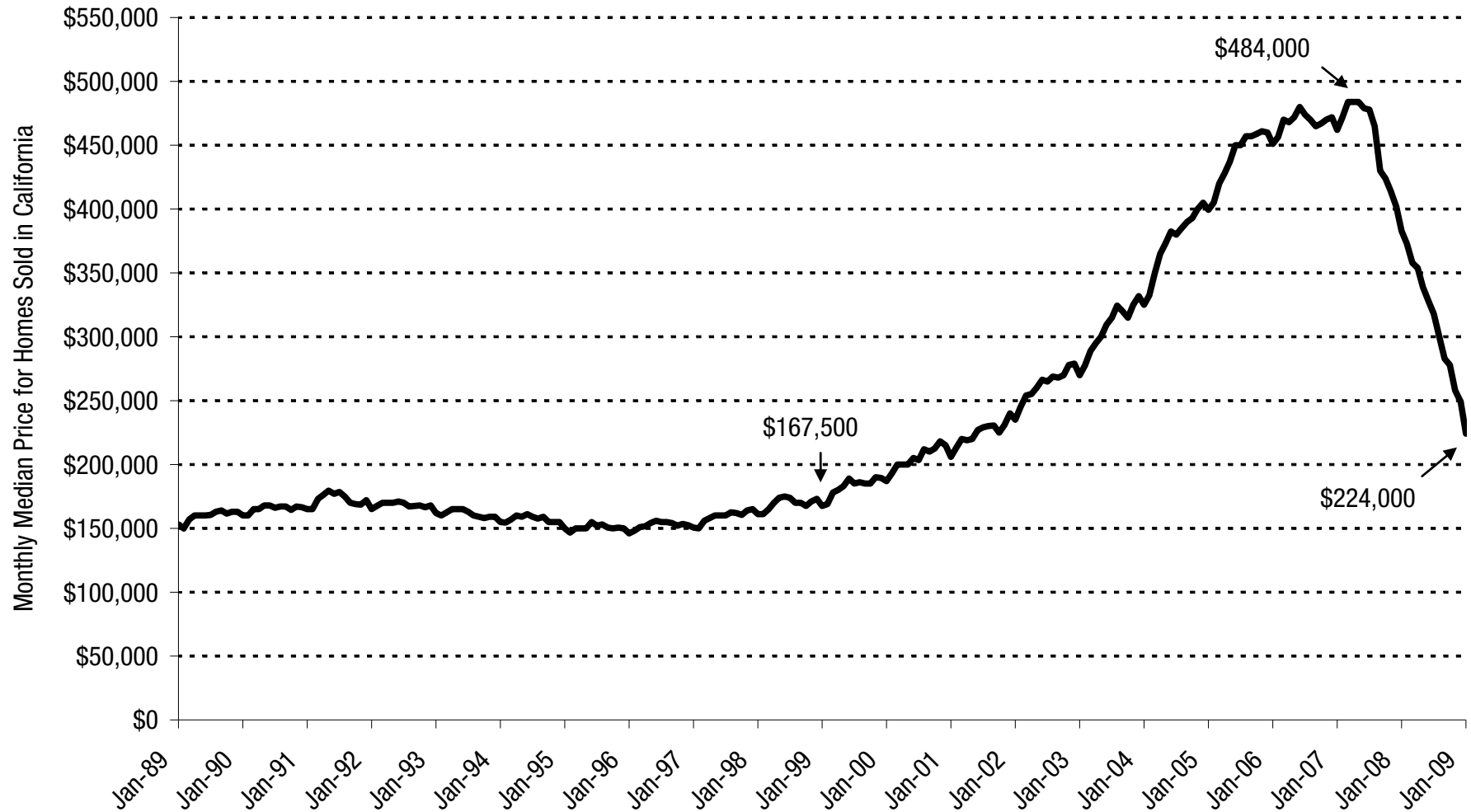
- What does the state's economy look like today?
- How did we get here?
- Who has been most affected by the downturn?
- How does this downturn compare to those of the past?
- What does this mean for California?

# August Home Sales in California Plunged After 2005



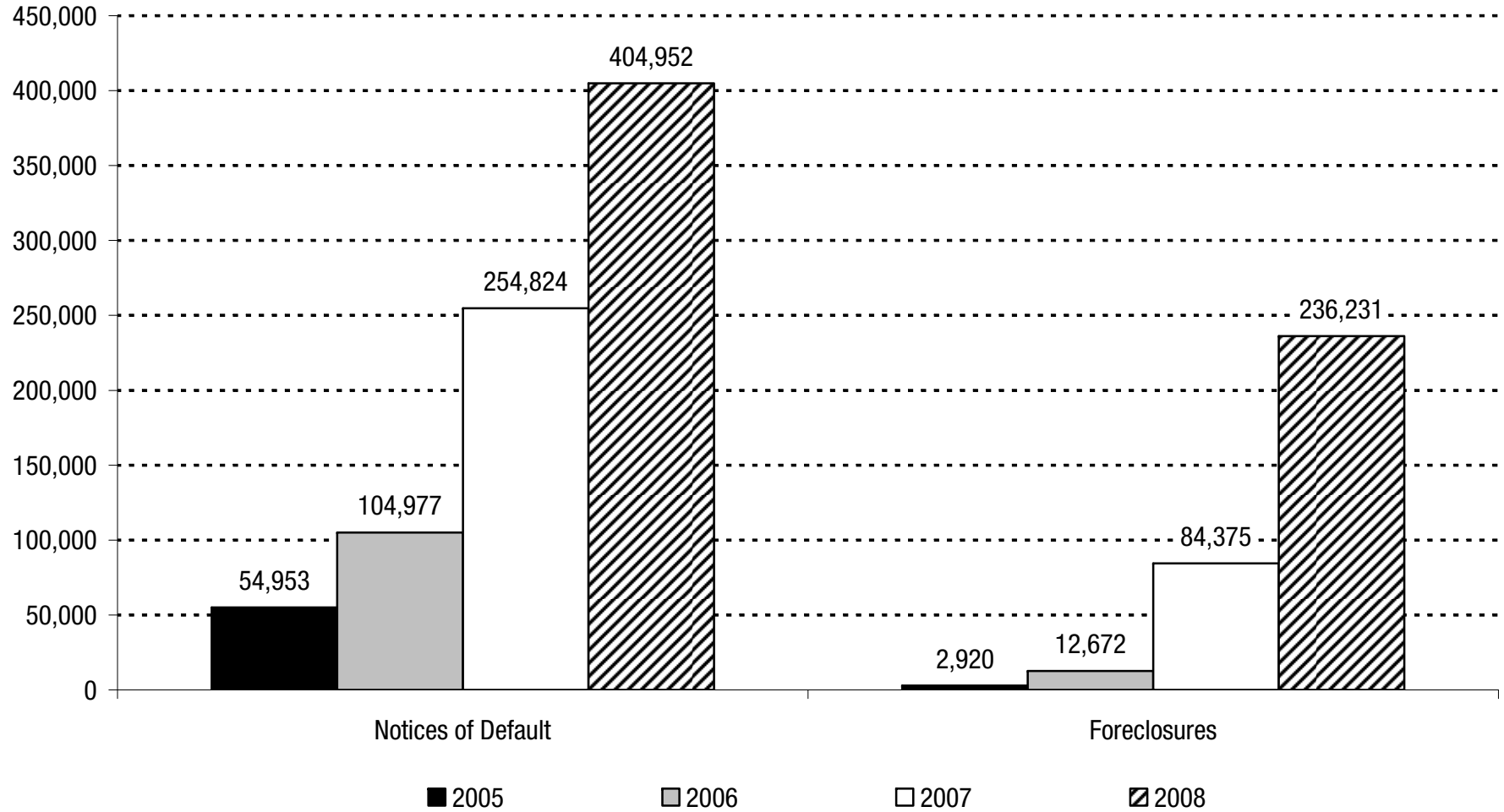
Note: Includes new and resale condominiums and single-family detached homes.  
 Source: MDA Dataquick

## California's Median Home Price Has Plunged Since Peaking in Spring 2007



Note: Includes new and resale condominiums and single-family detached homes.  
Source: MDA DataQuick

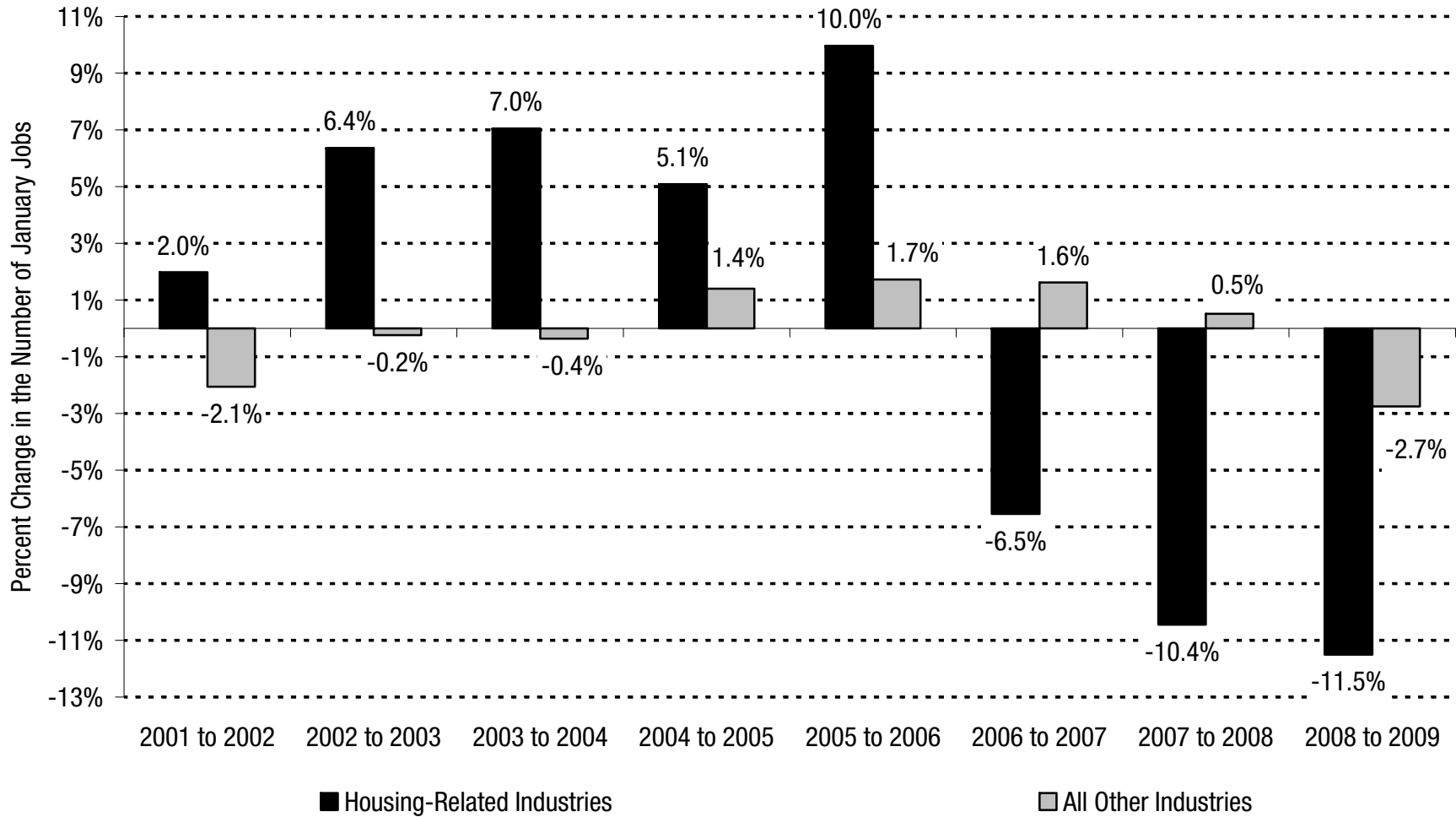
## Mortgage Delinquencies and Foreclosures Have Increased Substantially in California



Note: Notices of default are sent to homeowners who are delinquent on their mortgage payments. Foreclosures reflect the number of homes that lenders have taken possession of or have been sold at auction.

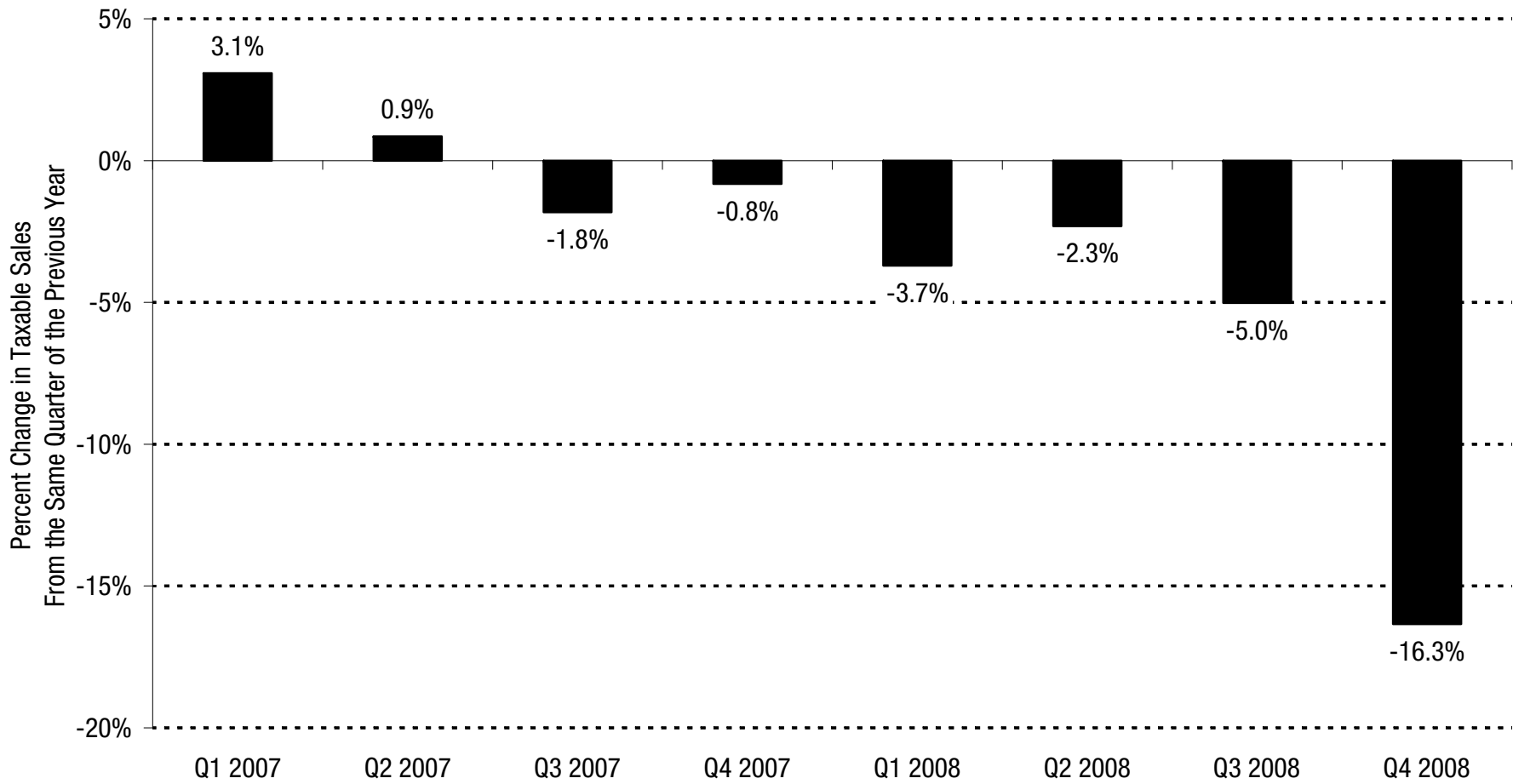
Source: MDA DataQuick

## The Number of Housing-Related Jobs Has Declined Considerably in Recent years



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

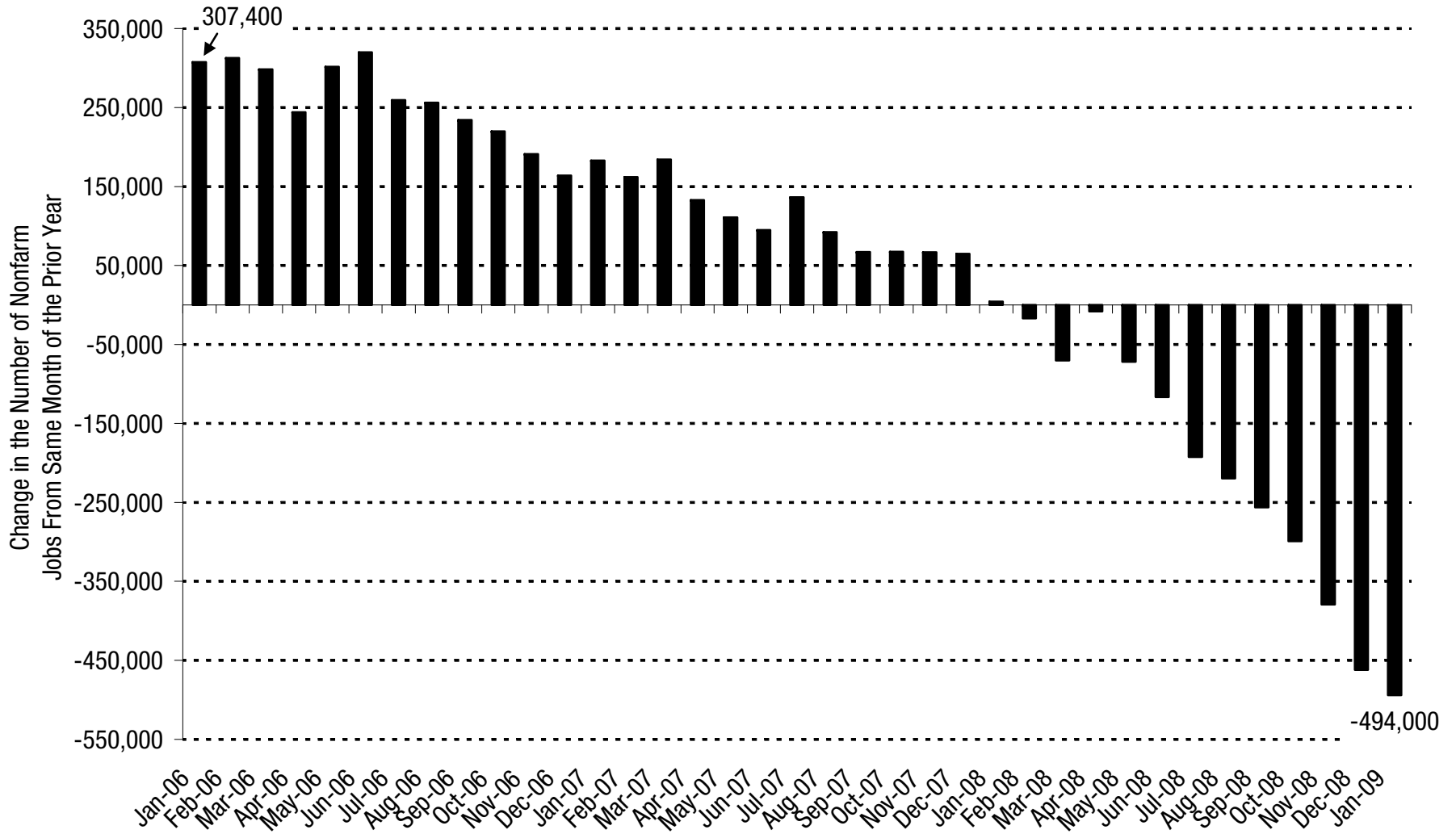
## The Decline in Fourth Quarter 2008 Taxable Sales Was the Largest on Record



Note: 2008 data are preliminary. Department of Finance taxable sales records start in 1967.

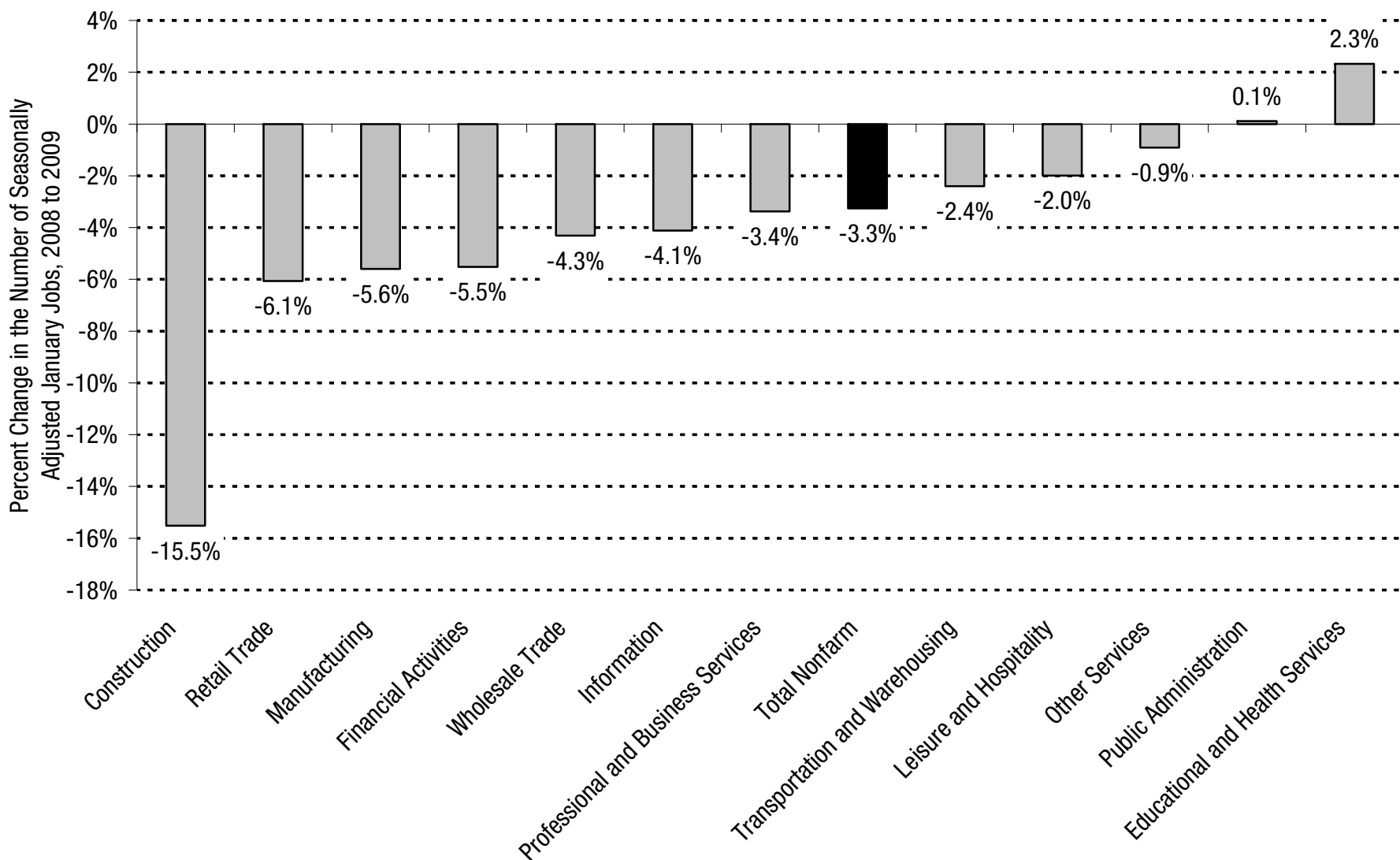
Source: Department of Finance

## California's Job Losses Accelerated in Late 2008



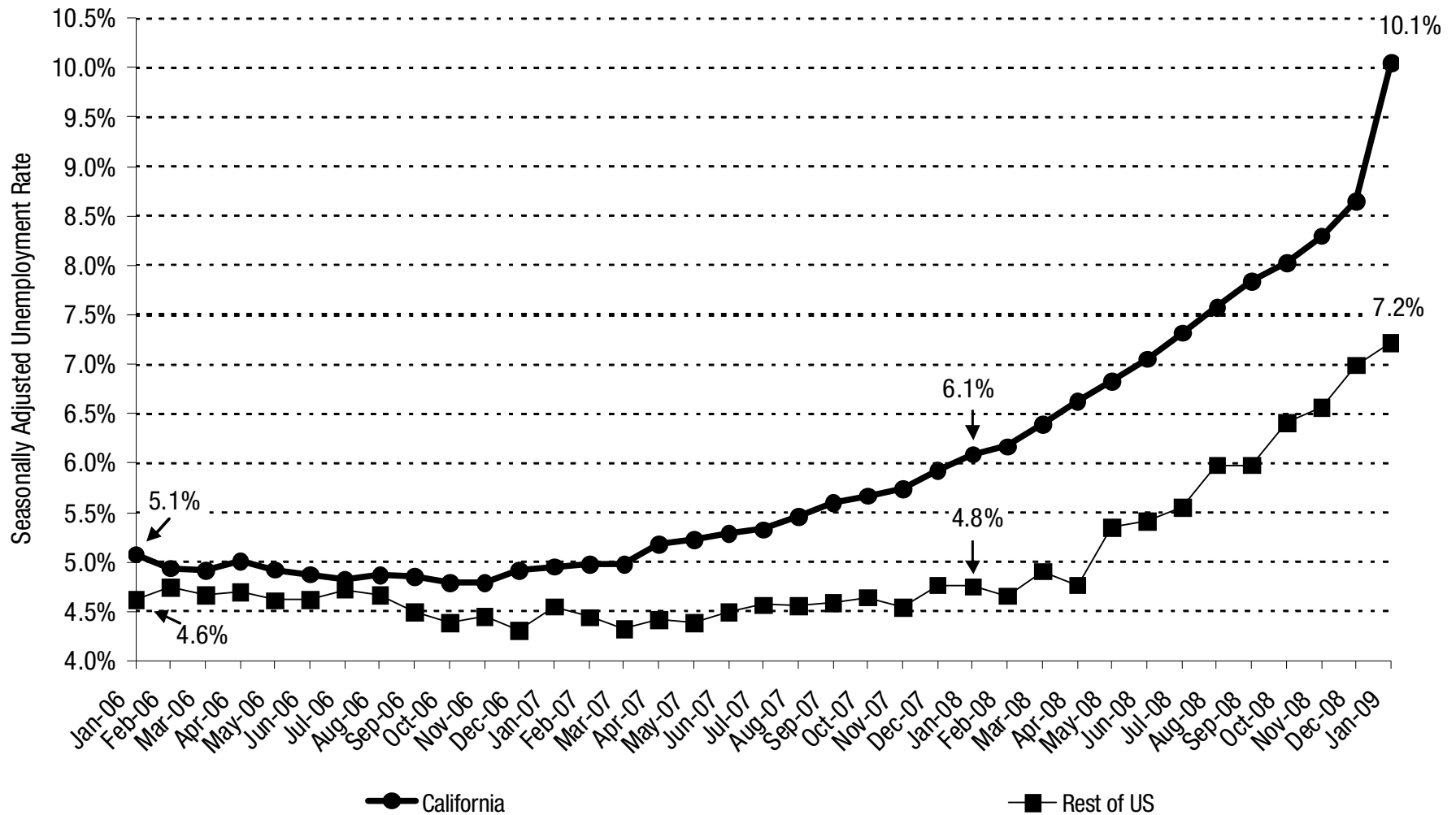
Source: Employment Development Department

## Most Sectors of the California Economy Have Lost Jobs Over the Past Year



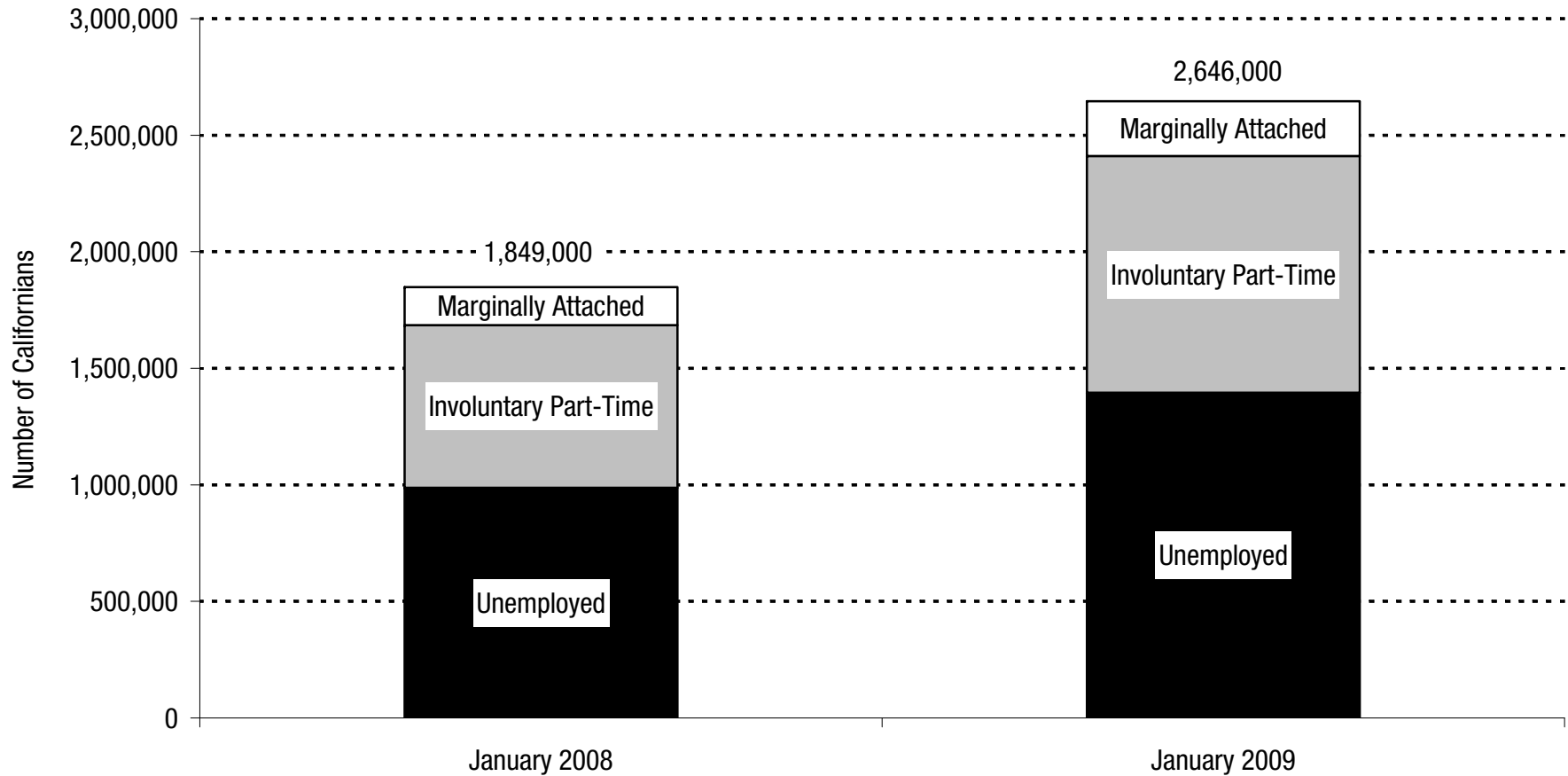
Source: Employment Development Department

## California's Unemployment Rate Rose to 10.1 Percent in January 2009



Source: Employment Development Department

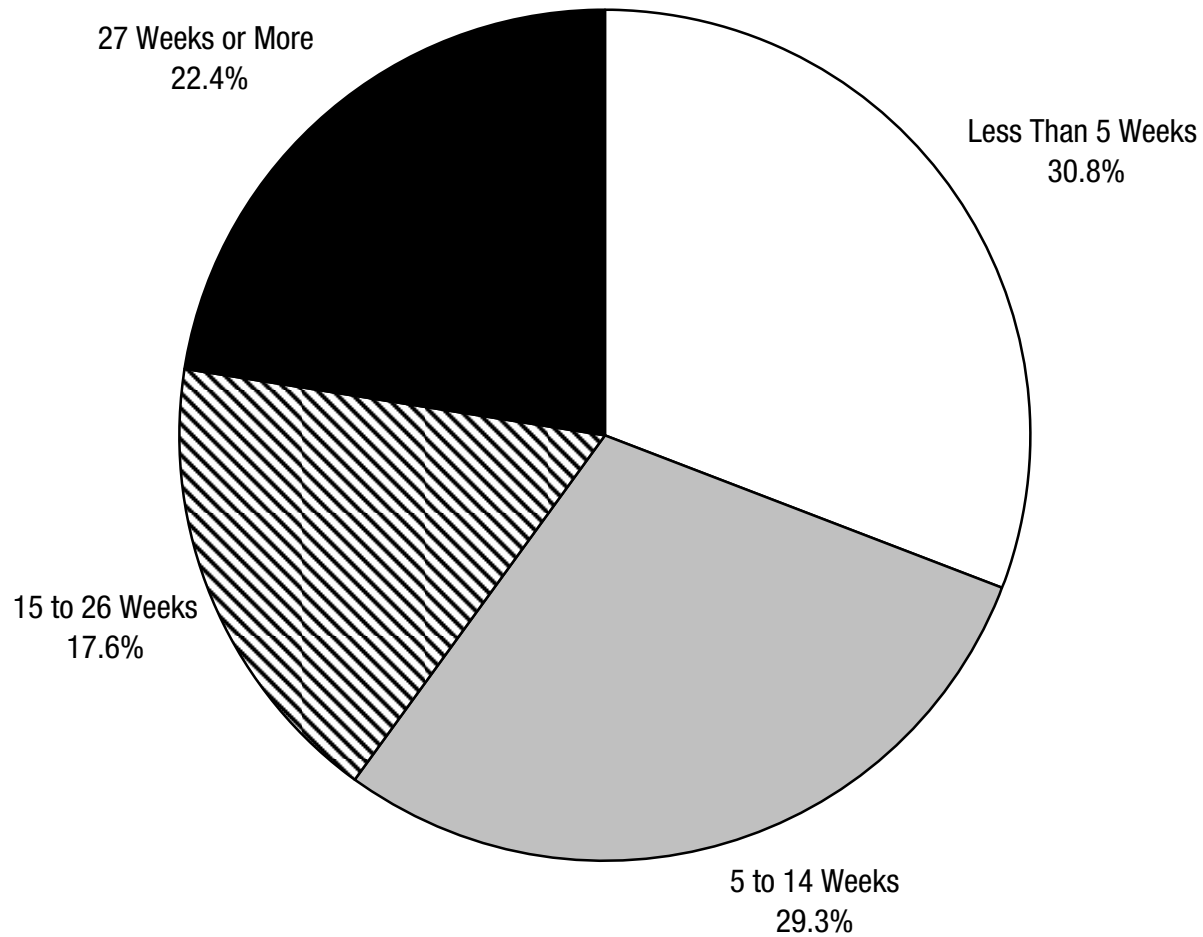
## The Number of Unemployed and Underemployed Californians Increased by Nearly 800,000 Between January 2008 and January 2009



Note: Data reflect 12-month averages ending January 2008 and January 2009. "Marginally attached" Californians are those who want to work, are available for work, and have searched for work within the past 12 months, excluding the most recent four weeks.

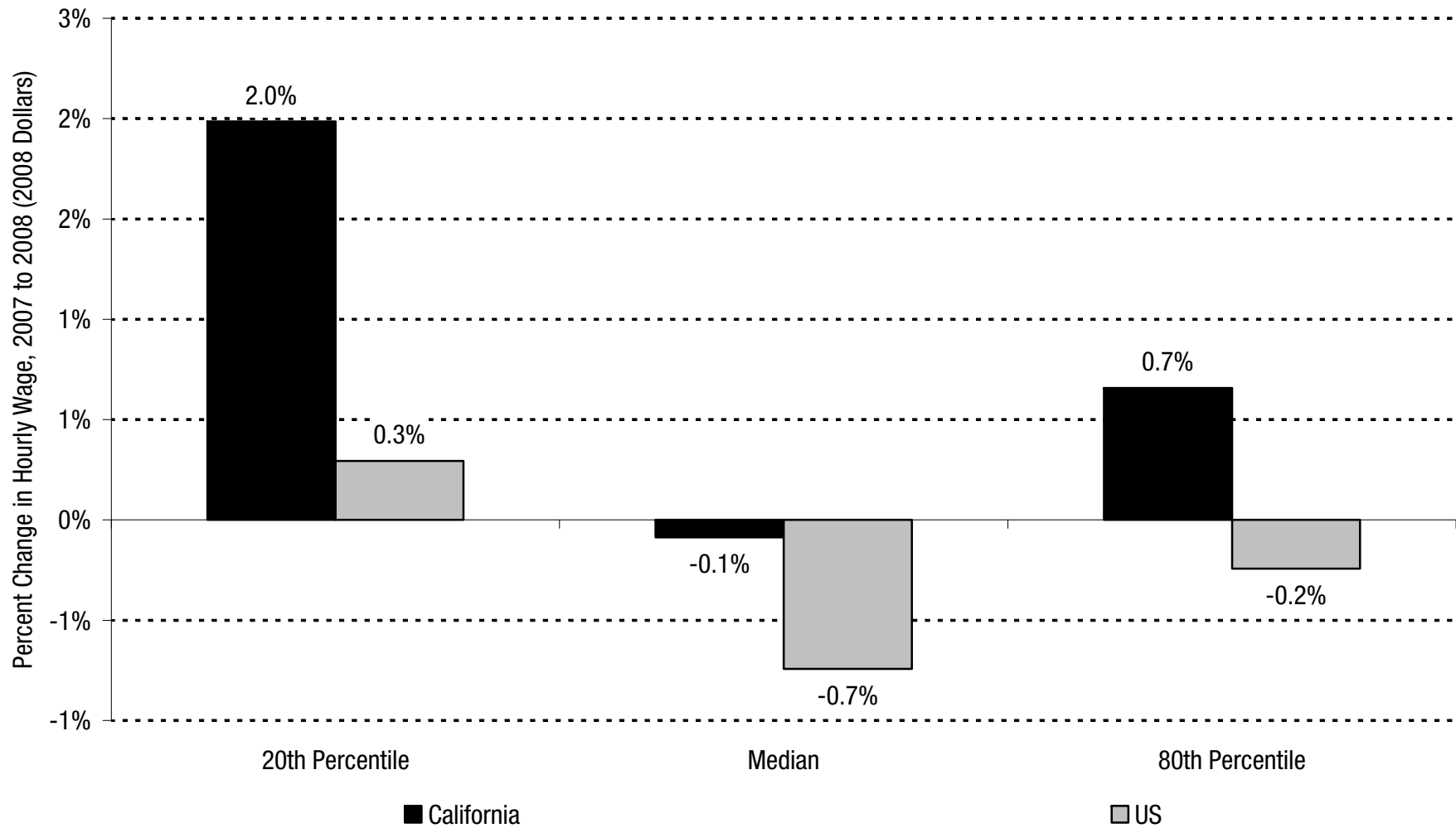
Source: Employment Development Department

## More Than One-Fifth of California's Unemployed Have Been Without Work for at Least 27 Weeks



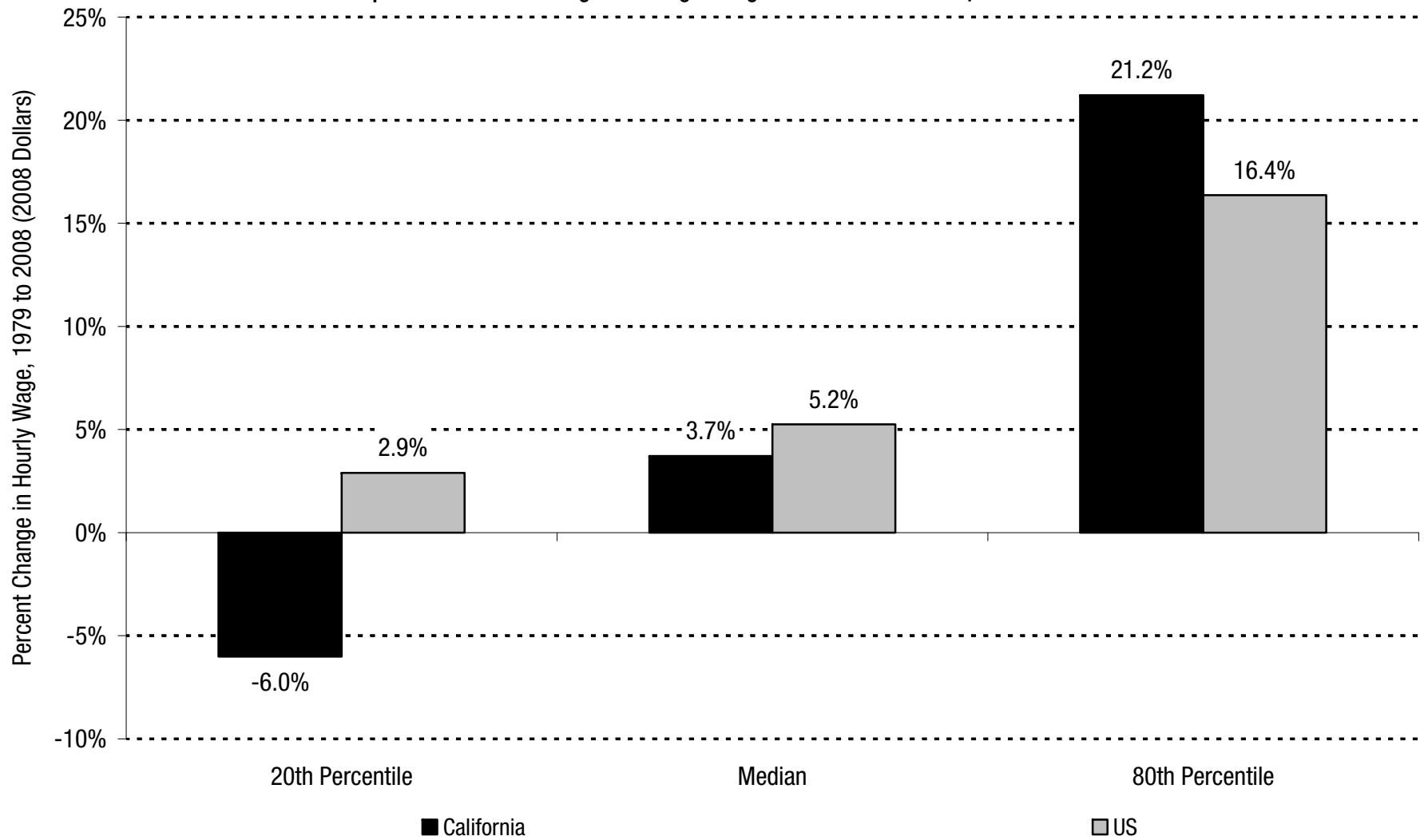
Source: Employment Development Department

## Low-Wage Workers' Earnings Gained the Most Purchasing Power Between 2007 and 2008



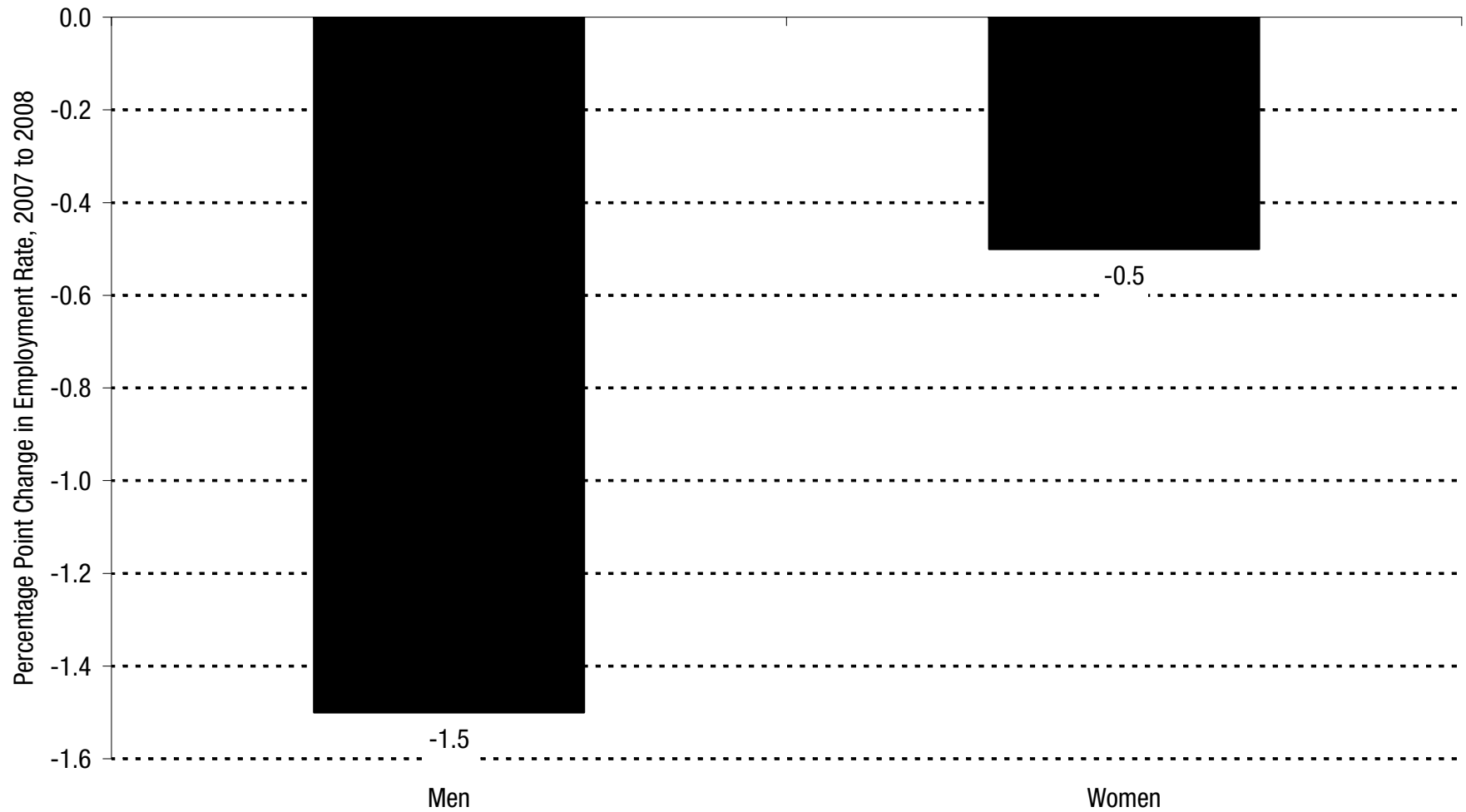
Source: CBP analysis of US Census Bureau data

## The Gap Between Low-Wage and High-Wage Workers Widened, 1979 to 2008



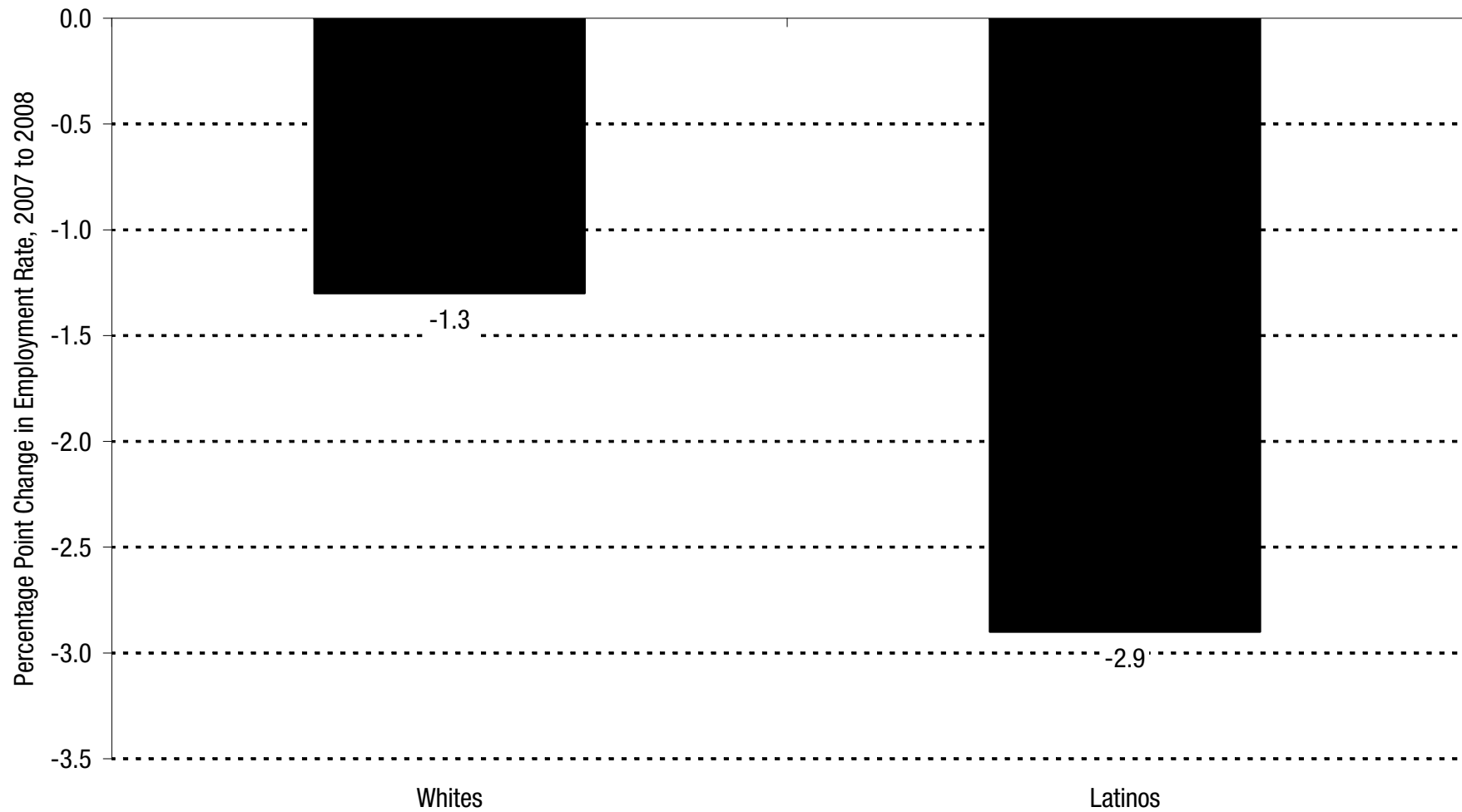
Source: CBP analysis of US Census Bureau data

## Men's Employment Declined Three Times as Much as Women's Employment, 2007 to 2008



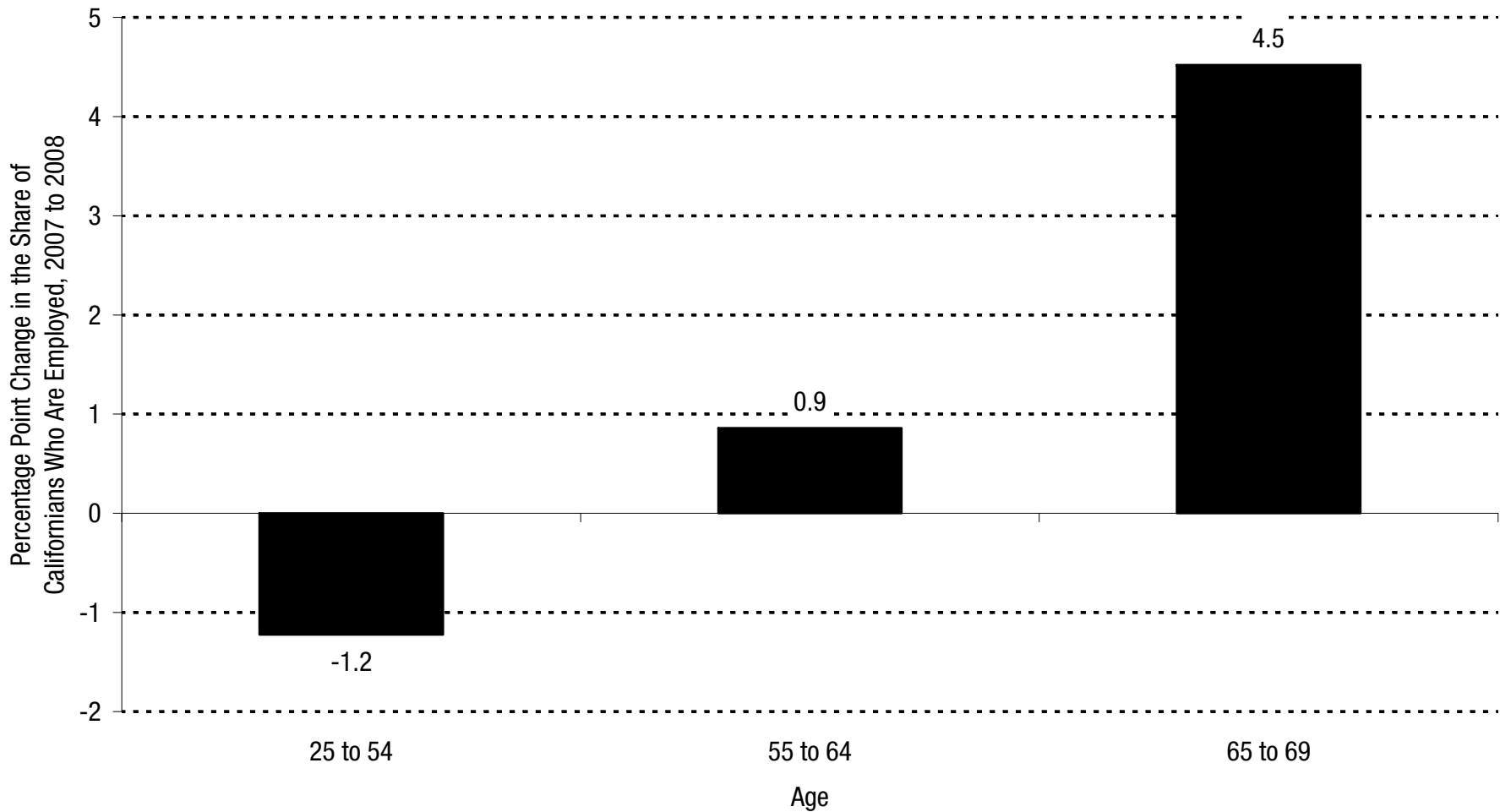
Source: Bureau of Labor Statistics

## Latinos' Employment Declined More Than Twice as Much as Whites' Employment, 2007 to 2008



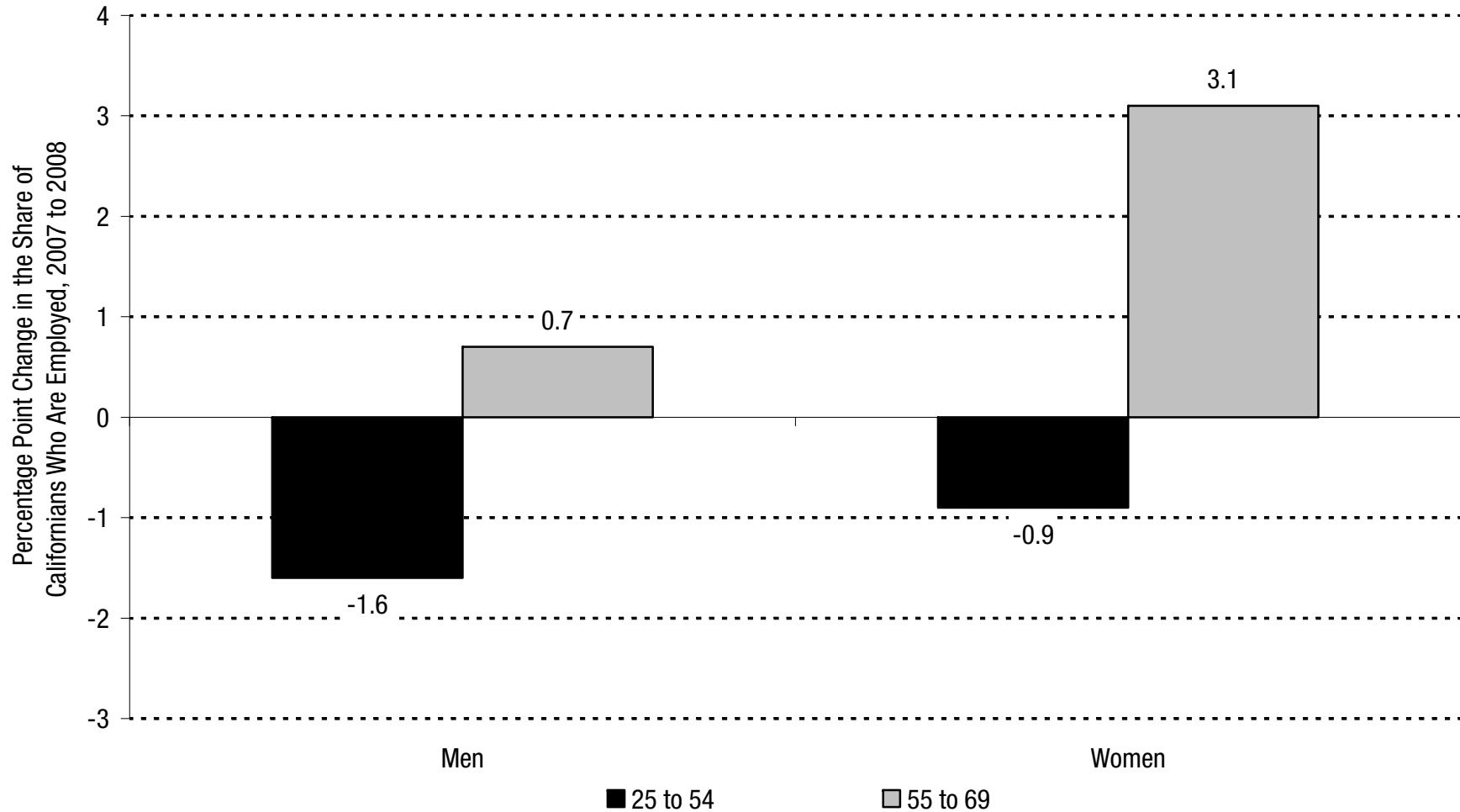
Source: Bureau of Labor Statistics

## The Employment Rate of Californians Age 65 to 69 Increased by 4.5 Percentage Points During the Current Downturn



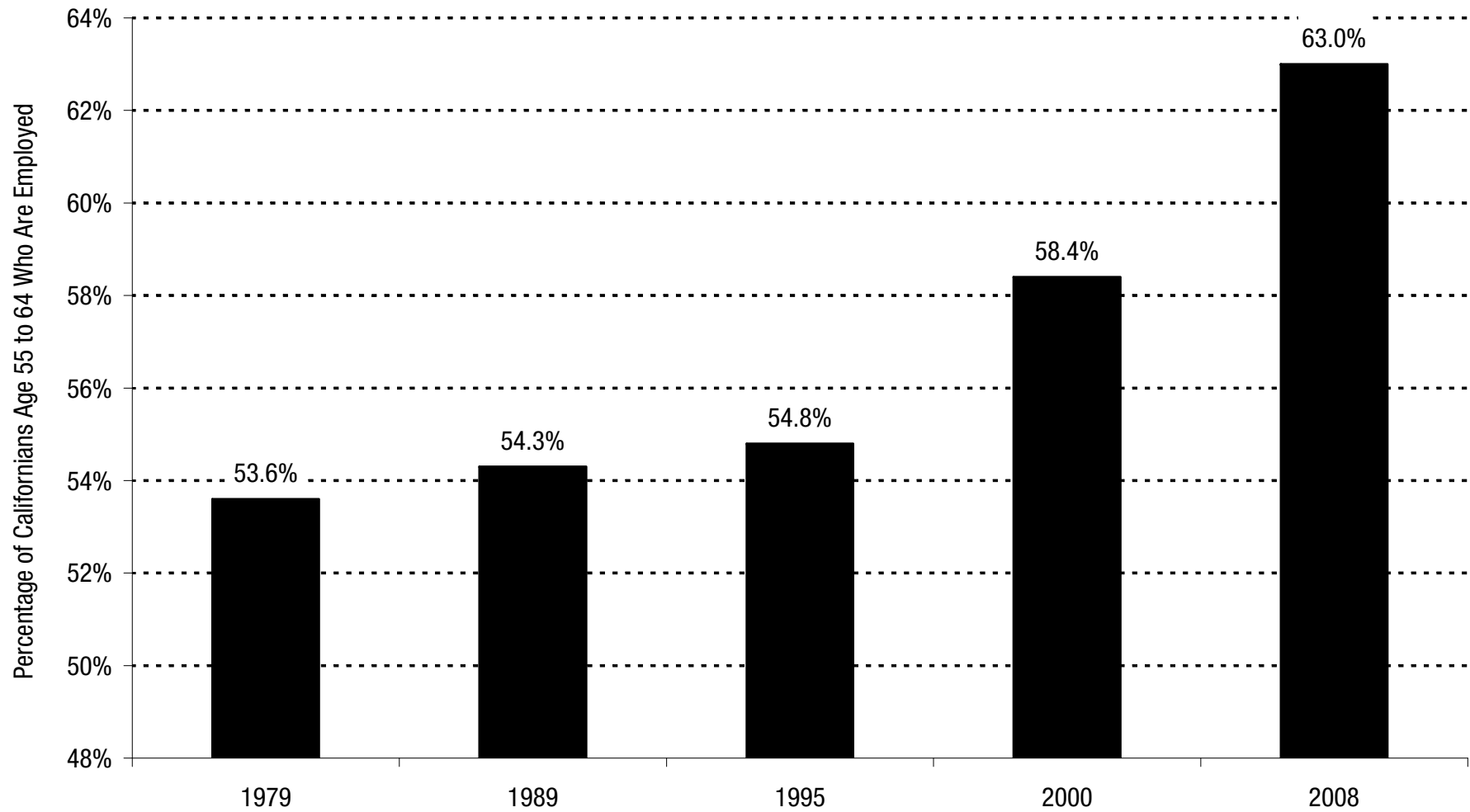
Source: CBP analysis of US Census Bureau data

## The Employment Rate of Women Age 55 to 69 Increased More Than Four Times as Much as That of Similarly Aged Men During the Current Downturn



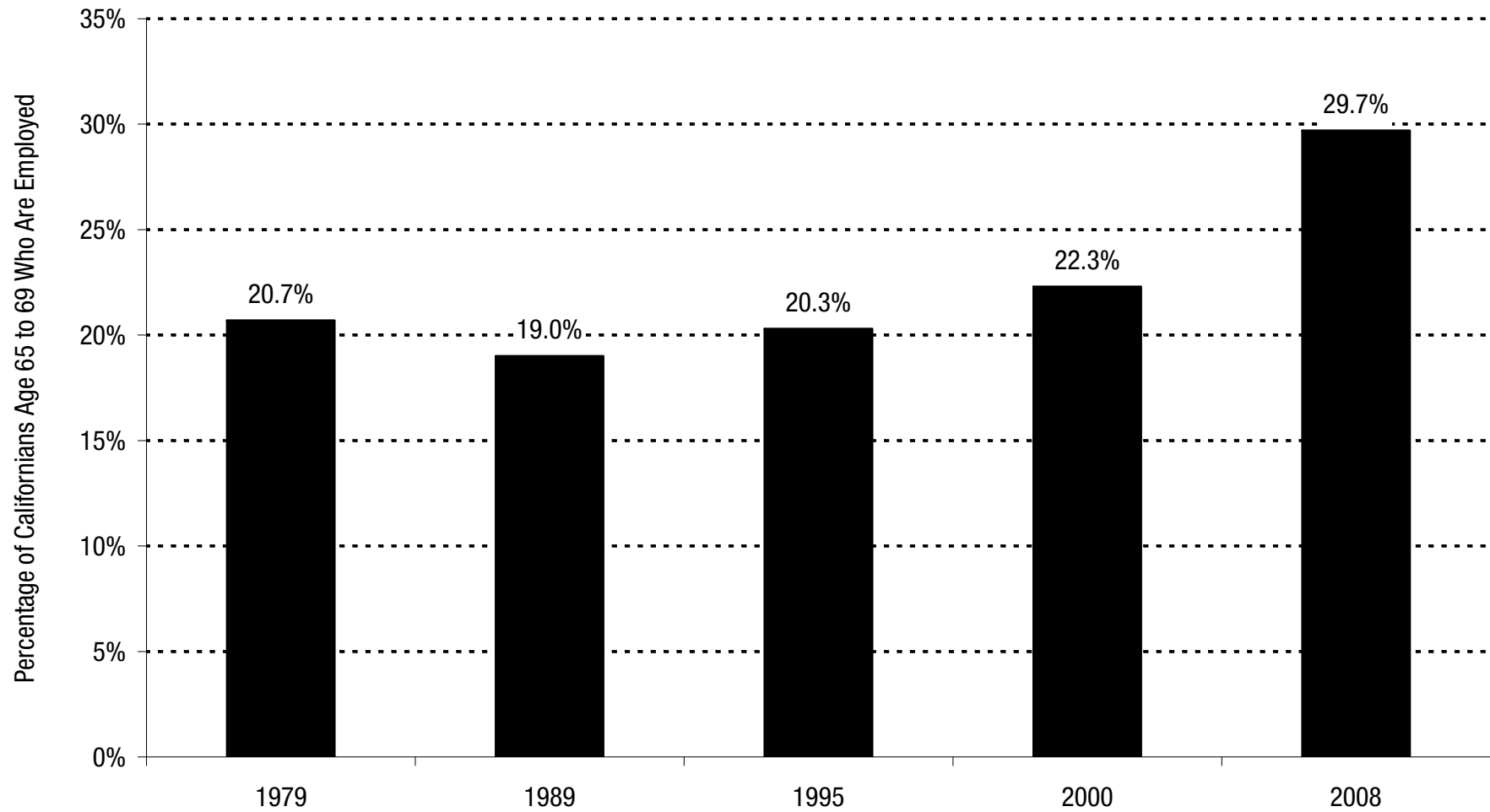
Source: CBP analysis of US Census Bureau data

## The Share of Californians Age 55 to 64 Who Are Employed Has Increased



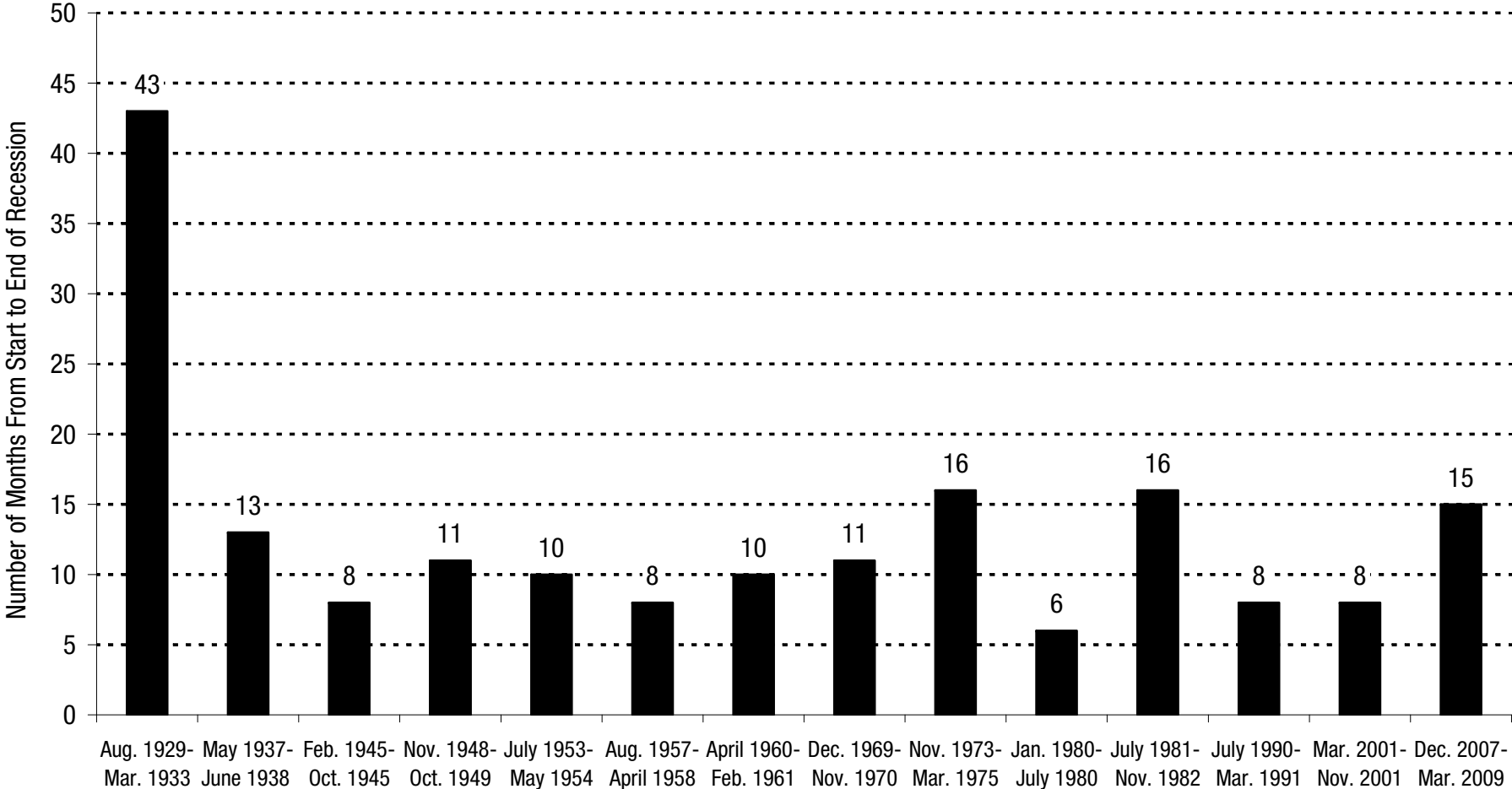
Source: CBP analysis of US Census Bureau data

## The Share of Californians Age 65 to 69 Who Are Employed Has Increased



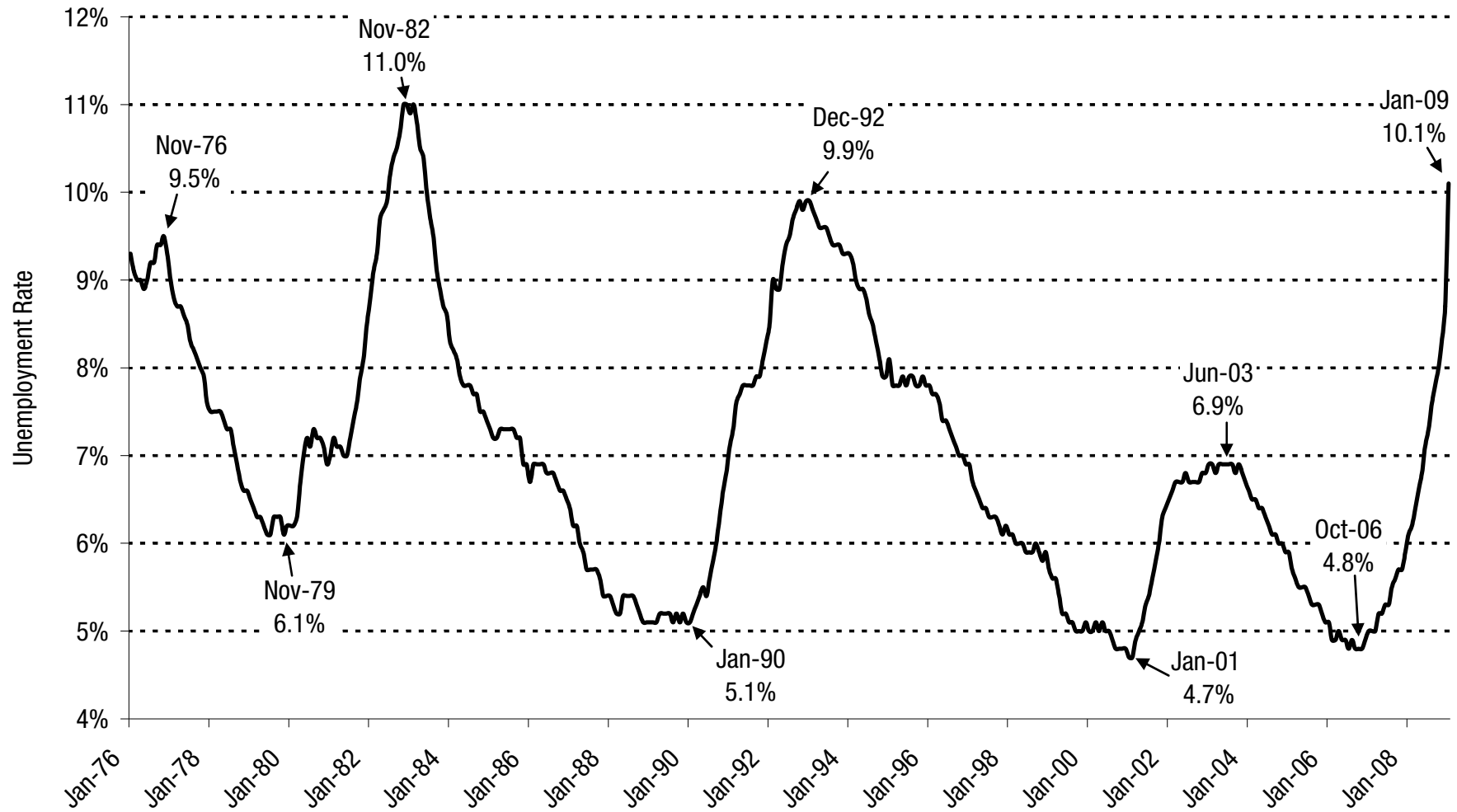
Source: CBP analysis of US Census Bureau data

# In May 2009, the Current Recession Will Be the Longest Since the Great Depression



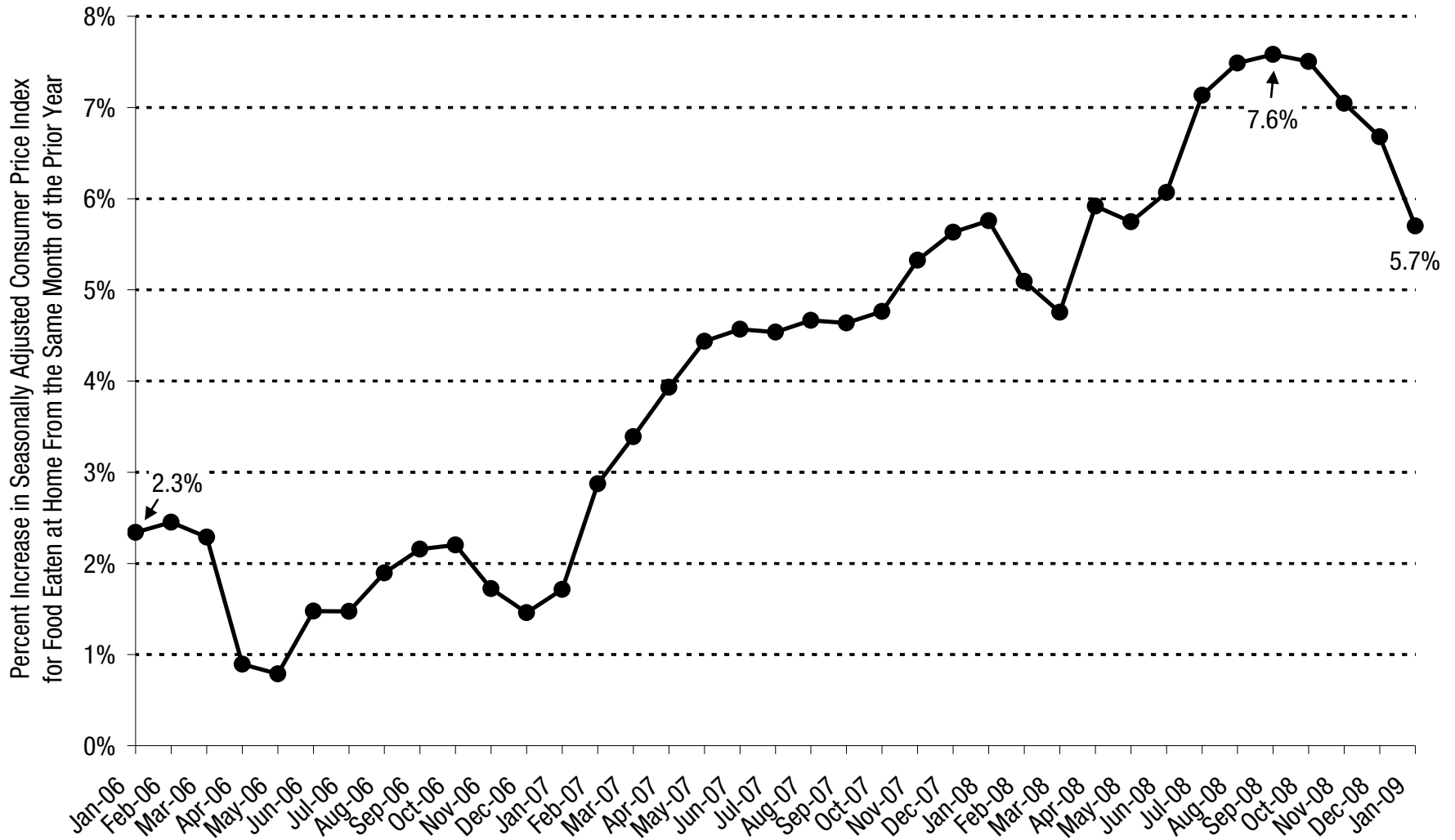
Source: National Bureau of Economic Research

## In January, California's Unemployment Rate Hit a 26-Year High



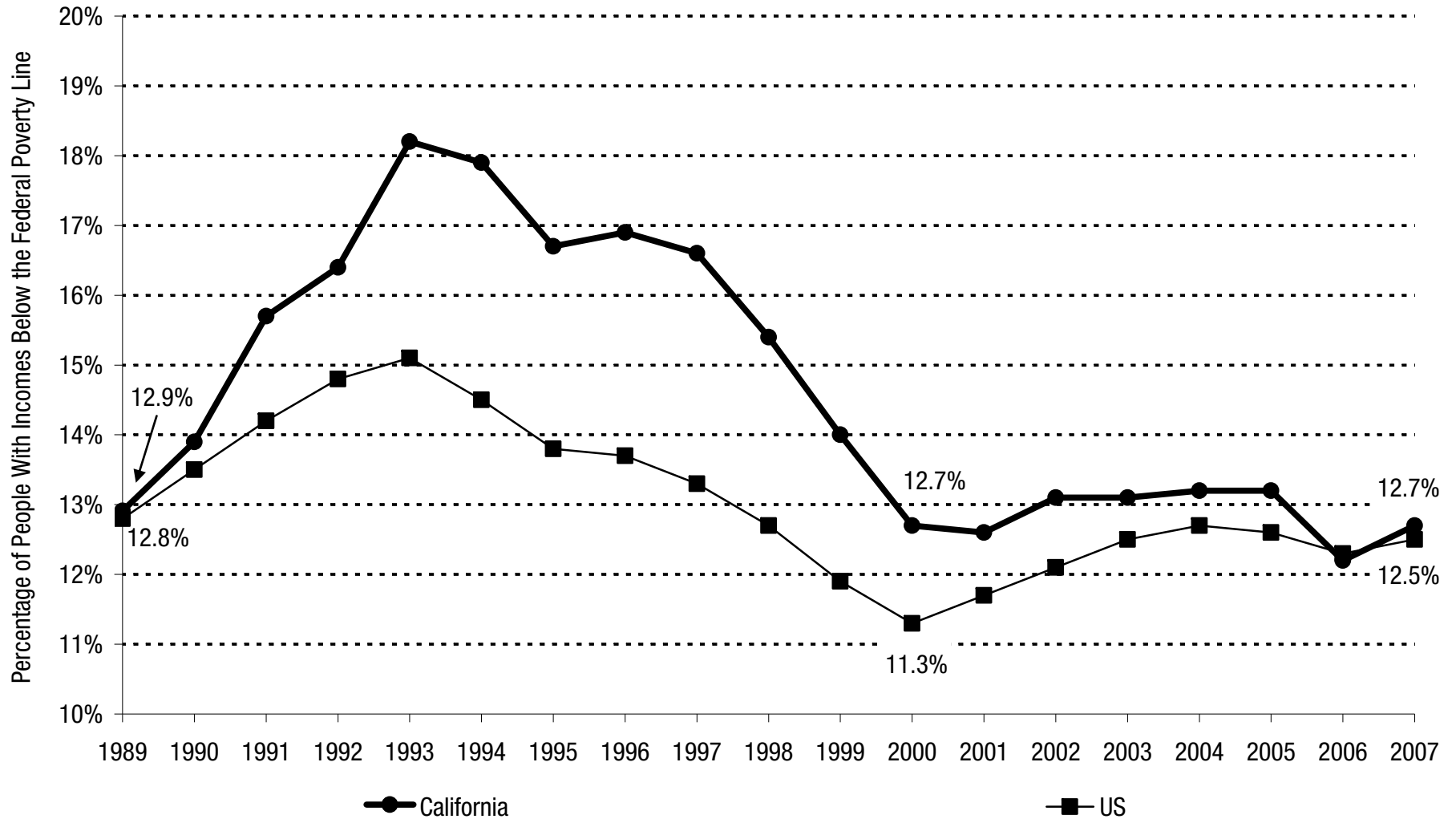
Source: Employment Development Department

## Food Price Increases Have Slowed Since September 2008



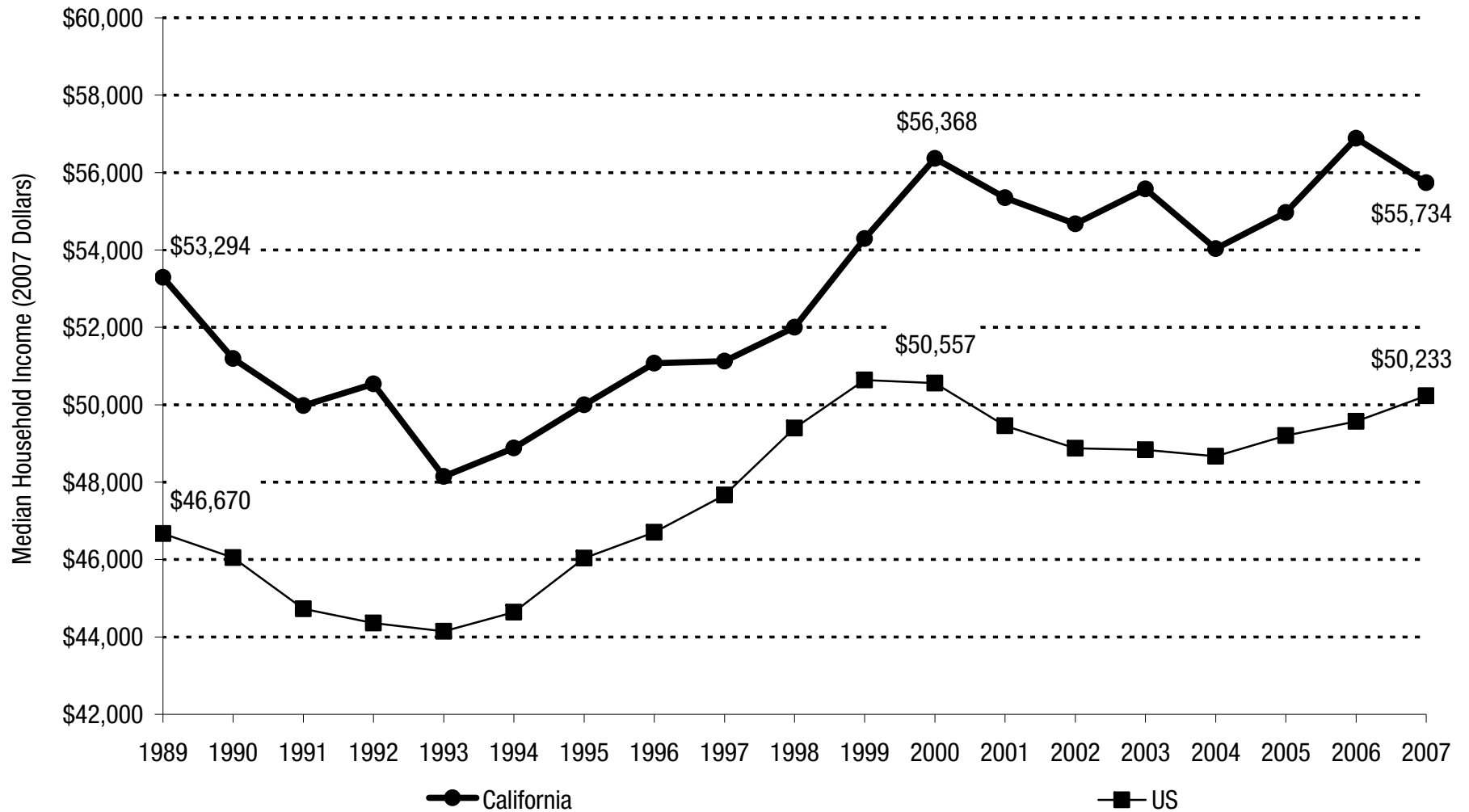
Source: US Bureau of Labor Statistics

## California's Poverty Rate Increased Between 2006 and 2007



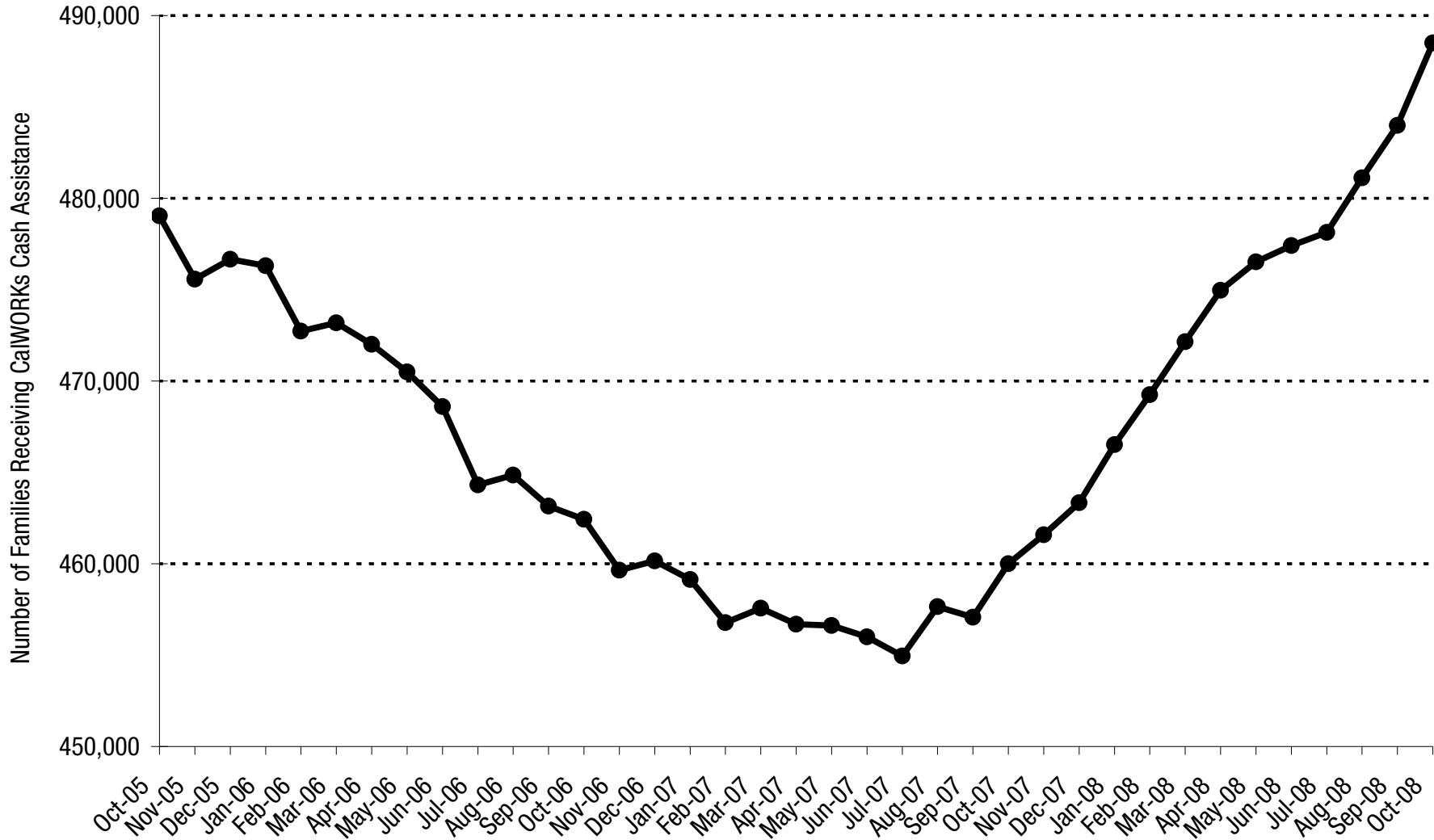
Source: US Census Bureau

## California's Median Household Income Declined Between 2006 and 2007



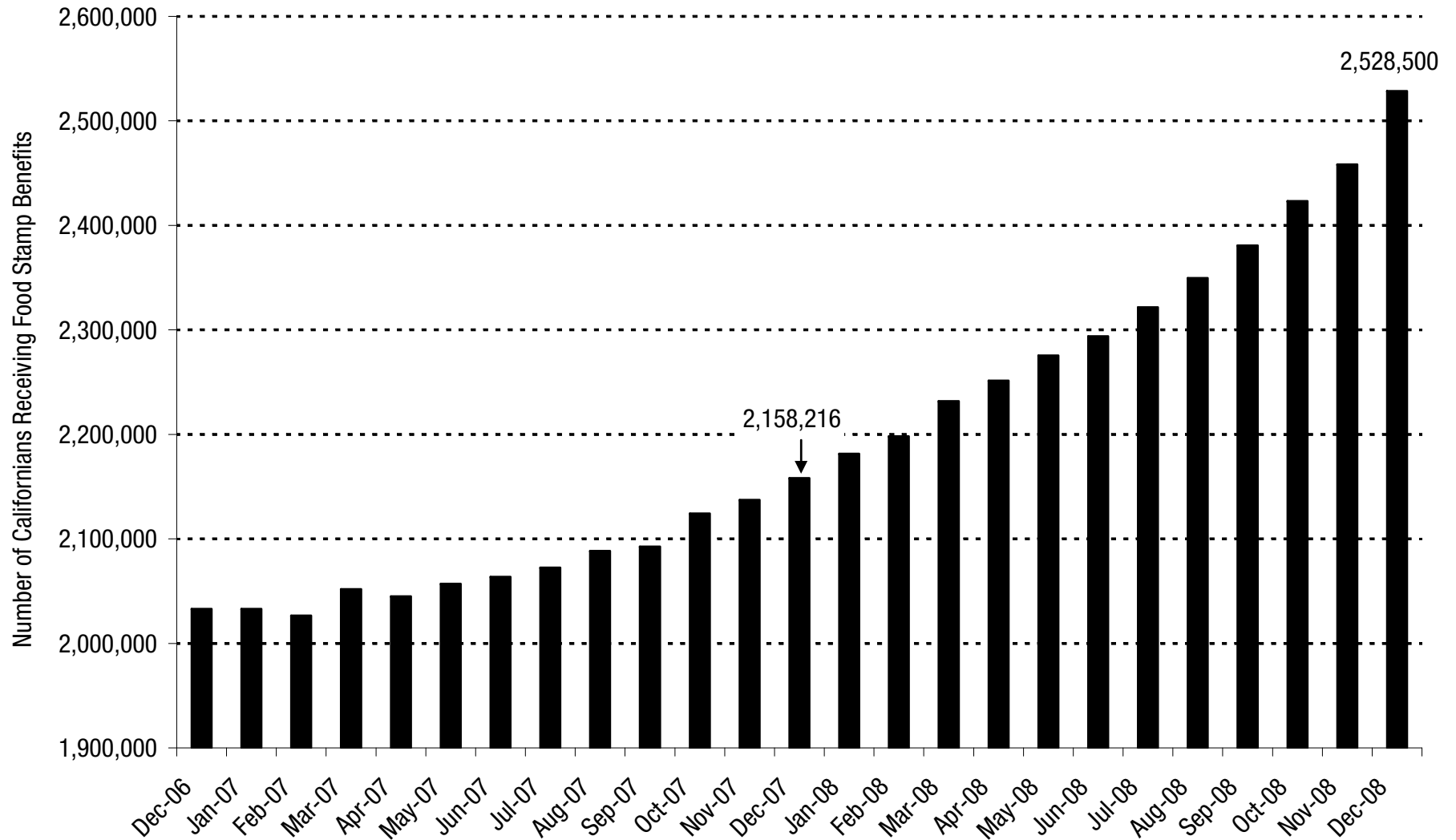
Source: US Census Bureau

## The Number of Families Receiving CalWORKs Cash Assistance Has Increased Substantially Since July 2007



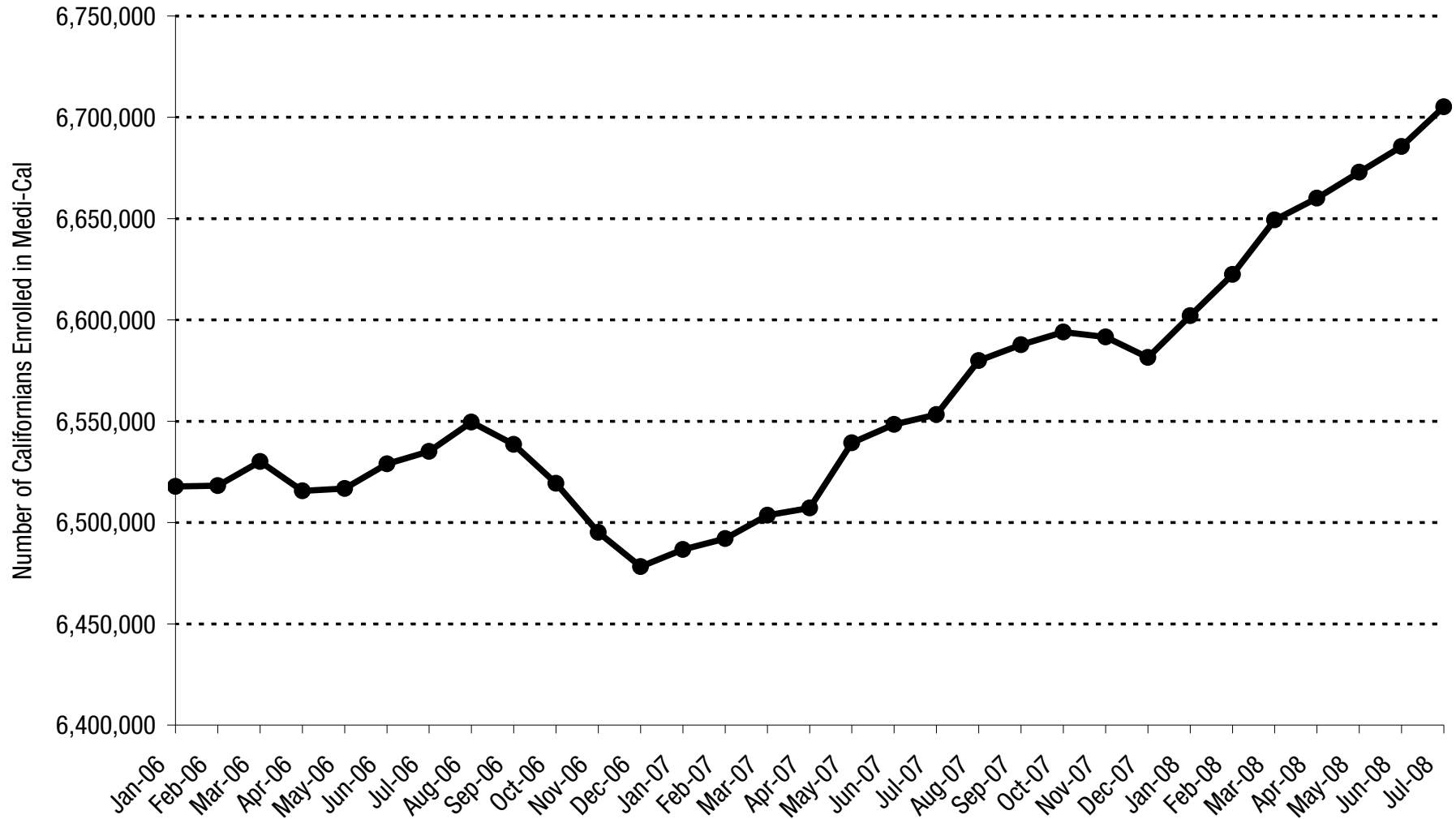
Source: Department of Social Services

## The Number of Californians Receiving Food Stamp Benefits Has Risen Substantially



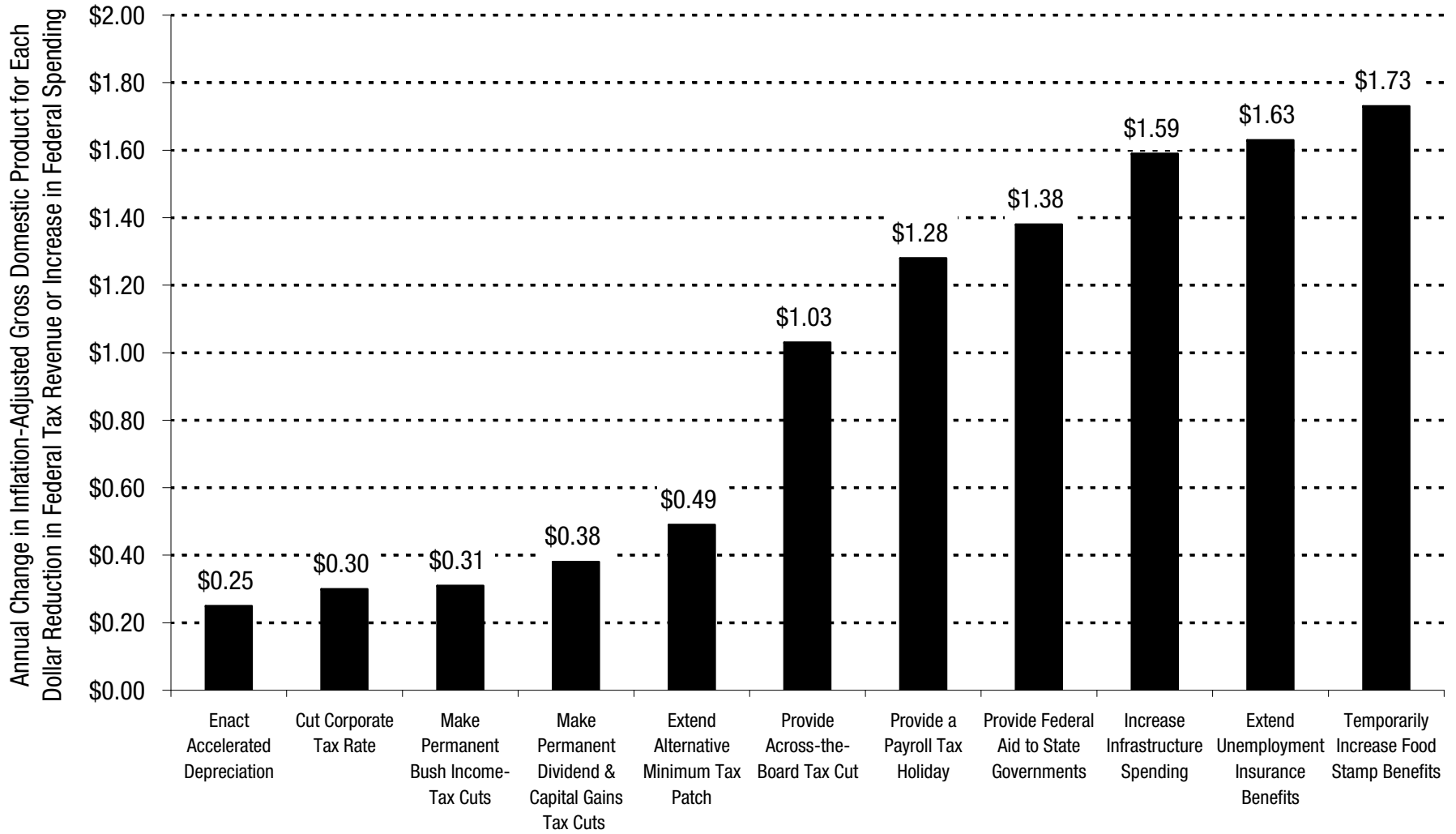
Source: Department of Social Services

## The Number of Medi-Cal Enrollees Increased by More Than 150,000 Between July 2007 and July 2008



Source: Department of Health Care Services

## Federal Spending on Unemployment Insurance and Food Stamp Benefits Has the Biggest “Bang for the Buck”



Source: Moody's Economy.com