

A Small Raise: Jobs, Wages and Healthcare in 2007



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A Small Wage Growth in US, Wage Decline in California

- In the US, unemployment dropped and wages increased just a little over inflation.

BUT ...

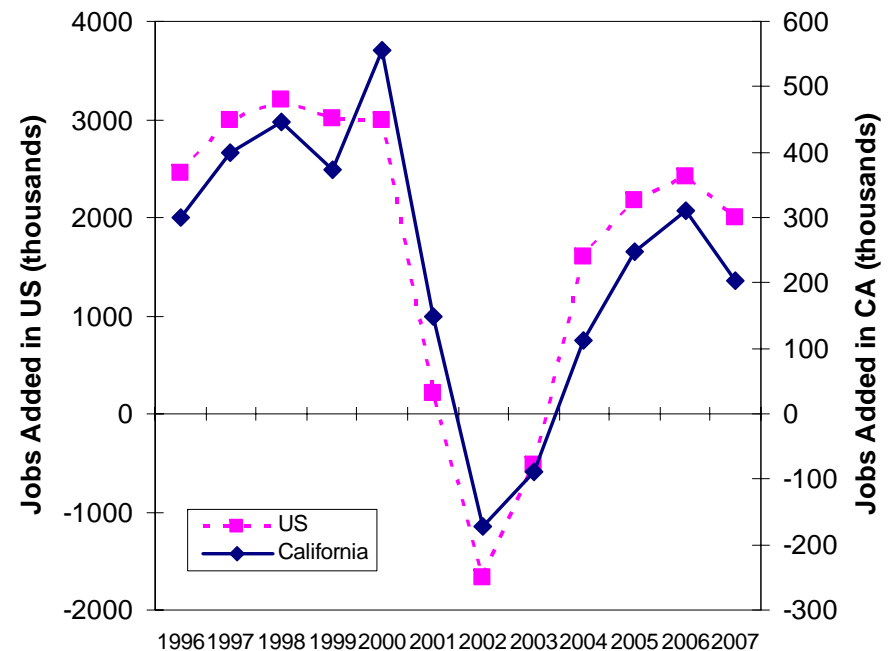
- In California real wages fell again and unemployment increased after decreasing for 3 years in a row.

AND ...

- Construction is bringing down job growth nationally and in the state.

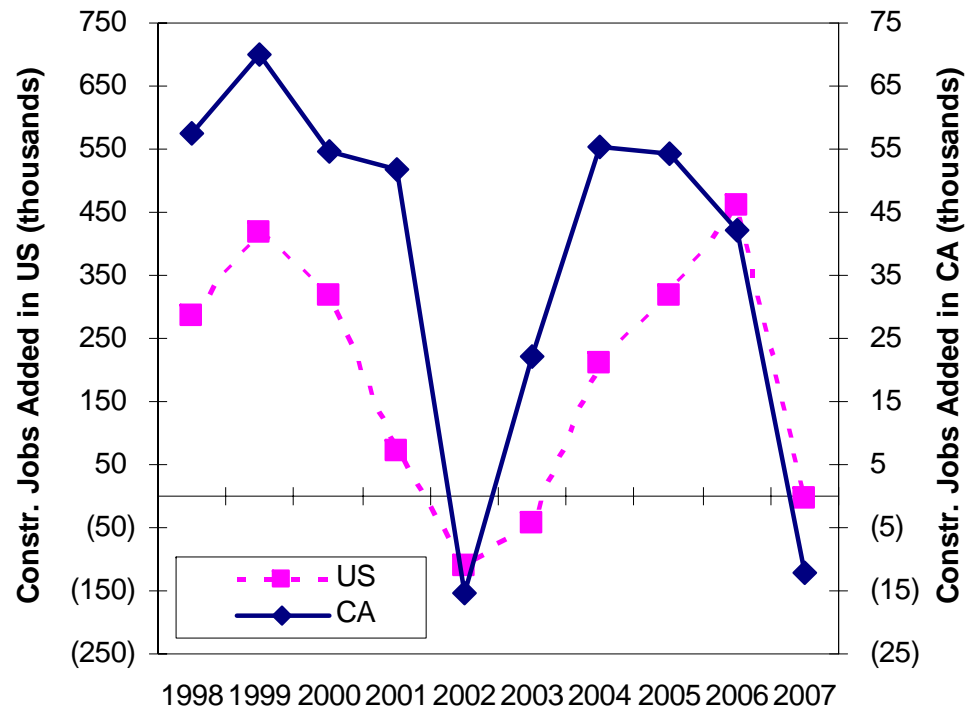
Job growth declines

- California added 200,000 jobs between July 2006 and June 2007.
- U.S. added 2 million jobs in the same period.
- Both represent a small decrease in growth since the last year.
- Job growth still not at the pre-recession level.



The housing bubble burst is bringing down job growth

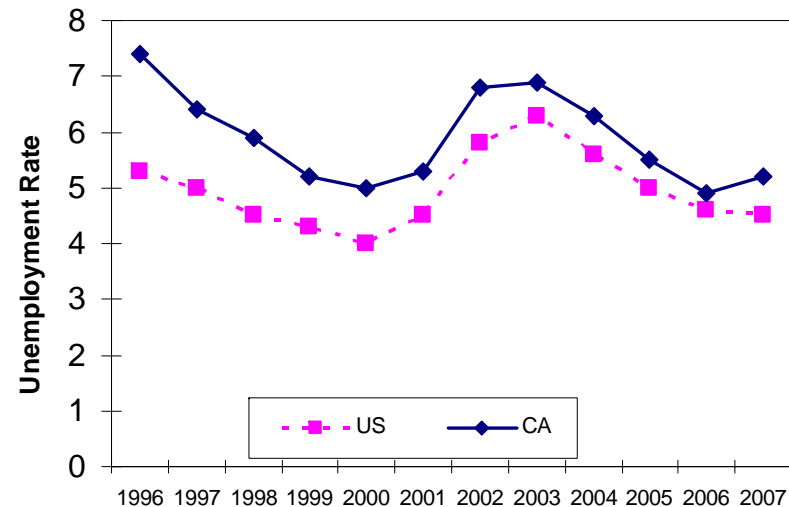
- **The U.S.** added 200,000-400,000 construction jobs each of the prior 3 years but no growth in the last year.
- **California** added 40,000 to 50,000 each of the prior 3 years but construction jobs went *down* by 12,000 in the last year.



Source: Current Employment Statistics. Note that 2007 represents change from June 2006 to June 2007

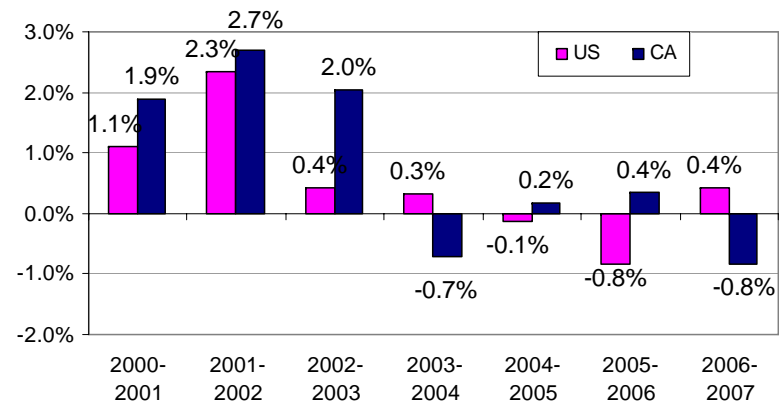
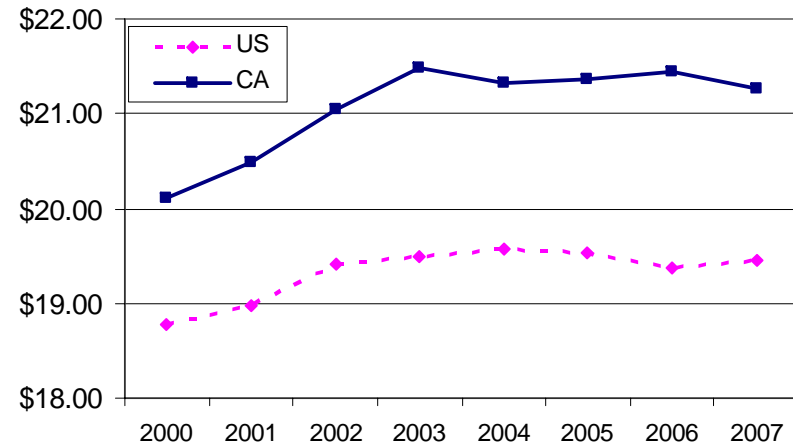
Unemployment rate still low

- The unemployment rate in the United States declined to 4.5% in 2007.
- In California, the unemployment rate increased for the first time in 4 years from 4.9% to 5.2% .



Real wages up slightly in US, down in California

- ▣ **U.S.** real wages increased by 0.4% between 2006 and 2007, highest in 5 years.
- ▣ But wages still lower than in 2002.
- ▣ **In California**, real wages fell by 0.8% between 2006 and 2007.
- ▣ Wages are 1% lower in 2007 than in 2003.
- ▣ Wage growth slowed down in 2007

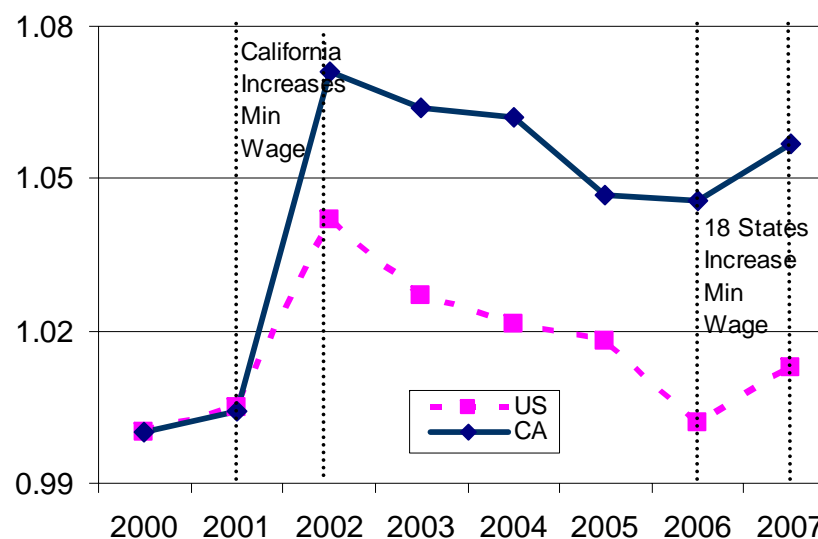


Notes: (1) Current Population Survey, all adults; the year "2005" means July 2004 – June 2005, etc.

Low wage workers finally make gains

- After 4 years in a row of decline, gains were made by the workers earning the lowest wages.
- **In the U.S.** real wages for the 10th percentile rose by 1.1%.
- **In California** wages for the 10th percentile also rose by 1.1% but are still 1.3% lower than 2002 levels.
- But wages are still considerably below 2002 levels.

Change in real wages for low wage (10th percentile) workers



Notes: (1) Current Population Survey, all adults; the year "2006" means July 2005– June 2006, etc.

18 states (47% of the working population) increased minimum wages between July 2006 and June 2007

<u>State</u>	<u>Min Wage</u>	<u>State</u>	<u>Min Wage</u>
Washington	\$7.93	Ohio	\$6.85
Oregon	7.80	Arizona	6.75
Connecticut	7.65	Florida	6.67
California	7.50	Delaware	6.65
Massachusetts	7.50	Missouri	6.50
Rhode Island	7.40	Iowa	6.20
Hawaii	7.25	Montana	6.15
New York	7.15	Nevada	6.15
Colorado	6.85	North Carolina	6.15

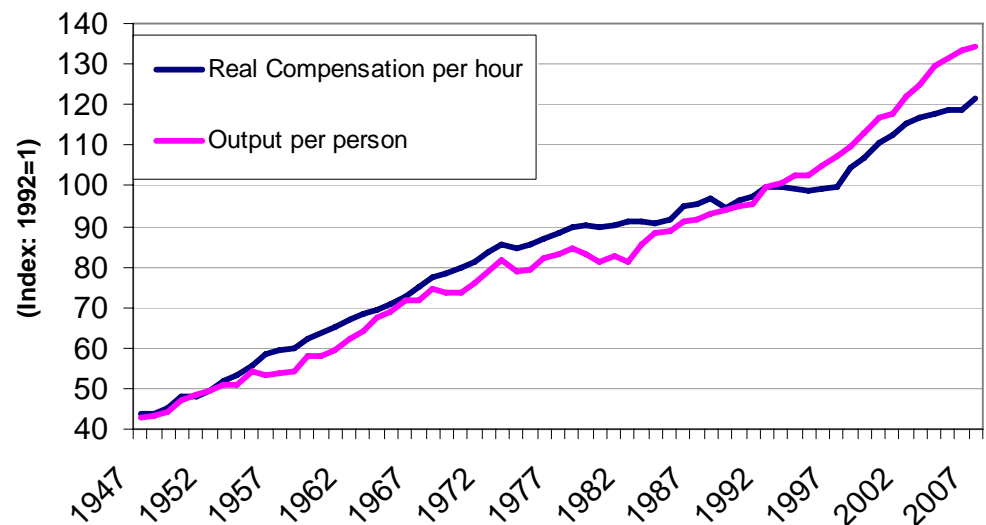
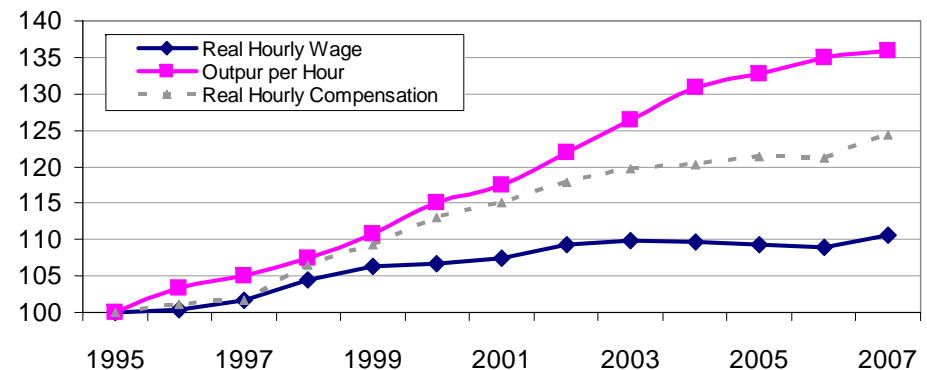
Low wage workers should see gains next year too...

- 19 states will raise their *state level* minimum wage between July of 2007 and June of 2008
 - 10 of these states now include cost of living adjustments to their minimum wage.

- In addition, 20 states were affected by the first \$.70 increase in the *federal* minimum wage on July 24th 2007.

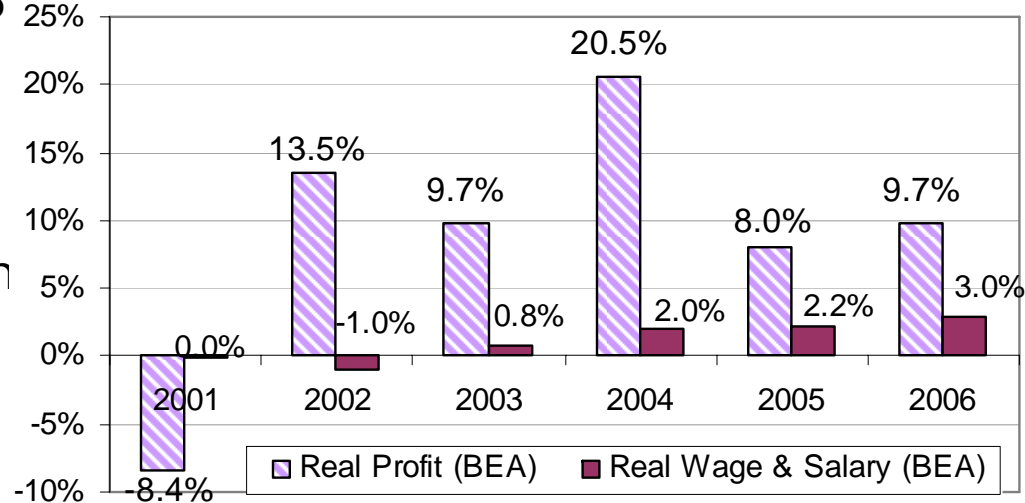
The gap between productivity and wages/compensation lessens but still wide

- U.S. productivity (output per labor hour) growth slowed to 0.6% between 2006 and 2007, while hourly compensation increased by 2.6%.
- Since the recovery began in 2002 productivity has increased by 11.4% while hourly compensation has risen just 5.5%.
- The accumulated gap in compensation and productivity should allay inflationary concerns from a single year where wages outpaced productivity.



Strong profit growth over the recovery – means some wiggle room for wages

- Pre-tax corporate profits rose by 9.7% after adjusting for inflation between 2005 and 2006 (latest year available), and by a total of 56.7% since 2002.
- With wages slightly outpacing productivity in 2007 expect profit growth to slow.
- But should mean wages can increase further while maintaining a strong rate of return to capital



Health Coverage 2000-2006

All-Non Elderly

(in percentages)

UNITED STATES

	2000	2001	2002	2003	2004	2005	2006
Job Based Coverage	69.2	67.3	65.5	64.1	63.0	62.3	62.2
Public	6.0	10.4	11.4	11.9	12.8	13.4	13.4
Private/ Military	8.1	8.1	8.2	8.4	8.4	8.7	8.6
Uninsured	17.5	15.8	16.5	17.2	17.6	17.2	17.8

CALIFORNIA

	2000	2001	2002	2003	2004	2005	2006
Job Based Coverage	61.8	60.1	59.6	57.4	58.9	55.3	54.8
Public	8.1	7.9	13.4	13.7	13.7	15.9	15.8
Private/ Military	9.0	8.7	8.4	8.7	9.1	9.6	10.3
Uninsured	22.0	24.1	19.9	21.3	20.0	20.7	20.6

- ❑ The U.S. uninsured rate increased by 0.6 percentage points.
- ❑ Job based coverage continues to erode. In the U.S. and in California it has fallen by 7 percentage points since 2000

Health Coverage 2000-2006

Adults 19-64

(in percentages)

UNITED STATES

	2000	2001	2002	2003	2004	2005	2006
Job Based Coverage	69.2	67.7	66.1	65.0	64.3	64.6	64.3
Public	6.0	6.5	6.8	7.1	7.7	8.0	7.8
Private/ Military	8.1	8.2	8.5	8.7	8.7	8.9	8.9
Uninsured	17.5	18.5	19.5	20.2	20.5	19.7	20.3

CALIFORNIA

	2000	2001	2002	2003	2004	2005	2006
Job Based Coverage	61.8	60.1	61.0	59.1	57.2	57.4	57.1
Public	8.1	7.9	7.9	8.5	10.2	9.9	9.5
Private/ Military	9.0	8.7	9.4	9.5	9.9	9.9	10.5
Uninsured	22.0	24.1	22.7	23.7	24.3	23.9	23.9

- The fall in job based coverage hasn't been as strong for adults. Since 2000 it has fallen by 4.9 percentage points nationally and by 4 points in California.

Health Coverage 2000-2006

Children

(In percentages)

UNITED STATES

	2000	2001	2002	2003	2004	2005	2006
Job Based Coverage	62.9	60.7	59.8	58.3	57.8	57.9	57.1
Public	19.9	22.3	23.5	25.8	26.3	26.1	26.5
Private/ Military	8.1	8.2	8.0	7.8	7.9	8.2	7.9
Uninsured	12.0	12.1	12.0	11.8	11.6	11.2	12.1

CALIFORNIA

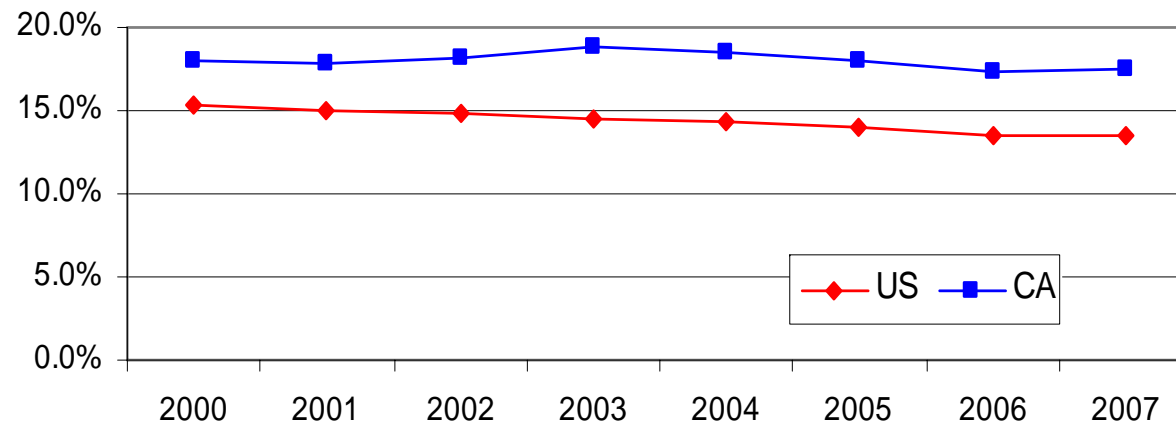
	2000	2001	2002	2003	2004	2005	2006
Job Based Coverage	61.8	60.1	55.4	52.2	54.5	50.8	49.8
Public	8.1	7.9	24.2	25.4	26.1	28.7	29.9
Private/ Military	9.0	8.7	7.1	8.9	8.3	9.2	9.8
Uninsured	22.0	24.1	15.8	15.7	14.4	13.9	13.3

- The largest decline since 2000 has been job based coverage for children which has dropped by 12 percentage points.
- In 2006 the percentage of California children with job based coverage fell below 50%.

Union Coverage

- U.S. union density (percentage of the workforce covered by a union) fell, steadily, from 27% in 1979 to 13.5% in 2006. It stabilized in 2007 to 13.4%.
- California union density continues to be stable at 17.5%.

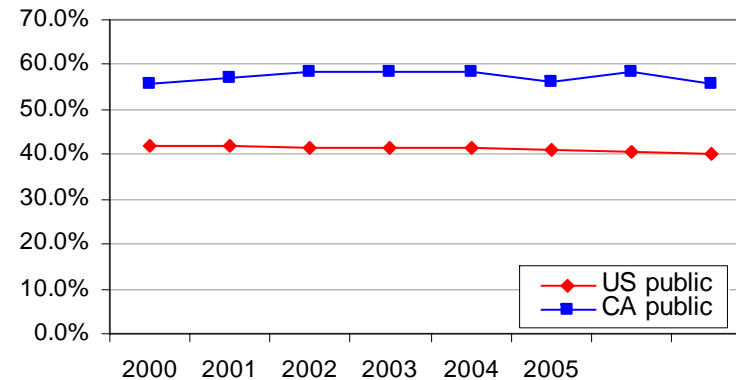
Overall Union Density: USA and California



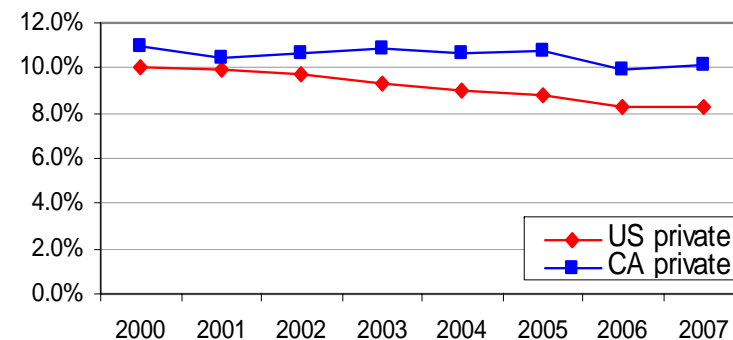
Private and Public Sector Coverage

- Public sector coverage has remained relatively stable in both the U.S. and California.
- The U.S. decline in union density has been concentrated in the private sector which did not change from last year.

Public Sector Union Density: USA and California



Private Sector Union Density: USA and California



Job additions (June to
June), in thousands,
from prior year

	US	California
1996	2458	300.9
1997	2995	398.4
1998	3204	446.3
1999	3004	373.1
2000	2989	555.8
2001	208	149.3
2002	-1676	-171.8
2003	-521	-87.4
2004	1594	111.4
2005	2166	247.2
2006	2420	309.8
2007	2000	204.7

Construction jobs added
from prior year (June to
June), in thousands

	US	CA
1998	286.2	57.5
1999	419.3	69.9
2000	317.3	54.6
2001	70.8	51.9
2002	-111.5	-15.2
2003	-44.0	22.3
2004	211.2	55.3
2005	319.0	54.2
2006	459.2	42.1
2007	-3.3	-12.0

Unemployment Rate over
previous 12 months (from
July of previous year to
June of year)

	US	CA
1996	5.3	7.4
1997	5	6.4
1998	4.5	5.9
1999	4.3	5.2
2000	4	5
2001	4.5	5.3
2002	5.8	6.8
2003	6.3	6.9
2004	5.6	6.3
2005	5	5.5
2006	4.6	4.9
2007	4.5	5.2

Real wages in June 2007 dollars

	2000	2001	2002	2003	2004	2005	2006	2007
US	\$18.77	\$18.98	\$19.42	\$19.50	\$19.56	\$19.54	\$19.37	\$19.46
CA	\$20.11	\$20.50	\$21.05	\$21.48	\$21.33	\$21.36	\$21.44	\$21.26

Real wages of the lowest 10th percentile in June 2007 dollars

	2000	2001	2002	2003	2004	2005	2006	2007
US	\$7.82	\$7.86	\$8.15	\$8.03	\$7.98	\$7.96	\$7.83	\$7.92
CA	\$7.57	\$7.60	\$8.10	\$8.05	\$8.04	\$7.92	\$7.91	\$8.00

Union density as percentage of the workforce covered by a union

	2000	2001	2002	2003	2004	2005	2006	2007
US	15.3%	15.0%	14.9%	14.6%	14.3%	14.1%	13.5%	13.4%
CA	18.0%	17.8%	18.2%	18.9%	18.5%	18.0%	17.3%	17.5%
US private	10.0%	9.9%	9.7%	9.3%	9.0%	8.8%	8.3%	8.3%
CA private	10.9%	10.4%	10.6%	10.8%	10.7%	10.7%	9.9%	10.2%
US public	41.8%	41.9%	41.4%	41.5%	41.4%	40.9%	40.7%	40.0%
CA public	55.9%	56.8%	58.3%	58.5%	58.3%	56.3%	58.3%	55.7%

Change in real wages by demographic categories (wages have been adjusted for inflation to represent June 2006 dollars)

Age	US								
		2000	2001	2002	2003	2004	2005	2006	2007
	Under 30	\$13.74	\$14.00	\$14.15	\$14.01	\$13.99	\$13.85	\$13.69	\$13.83
	30 to 44	\$20.01	\$20.37	\$20.74	\$20.91	\$21.00	\$20.87	\$20.77	\$20.77
	45 to 64	\$21.50	\$21.41	\$22.01	\$22.12	\$22.14	\$22.24	\$21.97	\$22.15
	Over 65	\$16.90	\$17.58	\$17.82	\$17.52	\$17.55	\$18.51	\$19.04	\$18.78
	Total	\$18.77	\$18.98	\$19.42	\$19.50	\$19.56	\$19.54	\$19.37	\$19.46
	California								
		2000	2001	2002	2003	2004	2005	2006	2007
	Under 30	\$14.16	\$14.95	\$14.97	\$15.16	\$14.68	\$15.21	\$14.88	\$14.59
	30 to 44	\$21.60	\$22.02	\$22.87	\$23.14	\$23.06	\$22.90	\$23.21	\$22.98
	45 to 64	\$23.62	\$23.75	\$24.12	\$24.75	\$24.55	\$24.41	\$24.62	\$24.68
	Over 65	\$22.06	\$23.31	\$20.17	\$19.91	\$20.27	\$22.52	\$22.40	\$22.07
	Total	\$20.11	\$20.50	\$21.05	\$21.48	\$21.33	\$21.36	\$21.44	\$21.26
Education									
	U.S. age 25 to 29								
		2000	2001	2002	2003	2004	2005	2006	2007
	Less than HS	\$11.25	\$10.92	\$11.35	\$11.22	\$11.10	\$11.26	\$10.69	\$10.91
	HS Graduate	\$13.88	\$14.04	\$14.48	\$14.47	\$14.47	\$14.25	\$13.70	\$13.86
	Some College	\$15.16	\$15.85	\$16.20	\$15.90	\$16.07	\$15.64	\$15.31	\$15.27
	BA or More	\$21.68	\$22.31	\$22.47	\$22.13	\$21.75	\$22.04	\$22.02	\$21.46
	Total	\$16.47	\$16.92	\$17.22	\$17.03	\$16.94	\$16.92	\$16.58	\$16.50

Education**U.S. all**

	2000	2001	2002	2003	2004	2005	2006	2007
Less than HS	\$11.40	\$11.40	\$11.66	\$11.62	\$11.72	\$11.64	\$11.53	\$11.65
HS Graduate	\$15.35	\$15.40	\$15.63	\$15.71	\$15.83	\$15.60	\$15.44	\$15.56
Some College	\$17.28	\$17.54	\$17.91	\$17.77	\$17.82	\$17.70	\$17.44	\$17.46
BA or More	\$27.36	\$27.55	\$28.11	\$28.19	\$27.90	\$28.11	\$27.94	\$27.77
Total	\$18.77	\$18.98	\$19.42	\$19.50	\$19.56	\$19.54	\$19.37	\$19.46

Education**Californians age 25 to 29**

	2000	2001	2002	2003	2004	2005	2006	2007
Less than HS	\$11.37	\$10.55	\$11.38	\$11.15	\$11.03	\$11.57	\$10.54	\$10.45
HS Graduate	\$14.24	\$14.57	\$15.01	\$15.33	\$14.23	\$16.35	\$15.26	\$14.67
Some College	\$16.59	\$17.52	\$17.62	\$18.00	\$17.52	\$18.12	\$17.22	\$16.76
BA or More	\$23.69	\$25.36	\$24.94	\$24.07	\$22.74	\$25.53	\$24.57	\$24.09
Total	\$17.30	\$18.15	\$18.22	\$18.28	\$17.52	\$19.18	\$18.15	\$17.54

California all

	2000	2001	2002	2003	2004	2005	2006	2007
Less than HS	\$10.96	\$10.96	\$11.68	\$11.78	\$11.92	\$11.81	\$11.73	\$11.64
HS Graduate	\$15.61	\$16.31	\$16.46	\$16.67	\$16.80	\$16.88	\$16.73	\$16.88
Some College	\$18.87	\$19.28	\$19.97	\$19.71	\$19.51	\$19.52	\$19.27	\$19.23
BA or More	\$30.17	\$30.32	\$30.85	\$31.64	\$30.61	\$30.81	\$31.80	\$31.15
Total	\$20.11	\$20.50	\$21.05	\$21.48	\$21.33	\$21.36	\$21.44	\$21.26

Race and ethnicity

U.S.		2000	2001	2002	2003	2004	2005	2006	2007
	White	\$19.95	\$20.18	\$20.66	\$20.77	\$20.86	\$20.86	\$20.67	\$20.74
African American		\$15.87	\$15.81	\$16.45	\$16.29	\$16.49	\$16.29	\$16.30	\$16.45
	Latino	\$14.08	\$14.29	\$14.53	\$14.81	\$14.77	\$14.79	\$14.59	\$14.87
	Other	\$20.05	\$20.57	\$21.00	\$21.02	\$20.92	\$21.17	\$21.47	\$21.56
	Total	\$18.77	\$18.98	\$19.42	\$19.50	\$19.56	\$19.54	\$19.37	\$19.46
California		2000	2001	2002	2003	2004	2005	2006	2007
	White	\$23.12	\$24.05	\$24.40	\$25.22	\$25.11	\$24.93	\$25.49	\$24.91
African American		\$19.26	\$18.95	\$19.65	\$19.45	\$18.89	\$19.13	\$19.03	\$19.75
	Latino	\$14.36	\$14.58	\$15.30	\$15.63	\$15.61	\$15.55	\$15.37	\$15.48
	Other	\$22.10	\$22.18	\$23.05	\$22.83	\$22.38	\$23.91	\$24.01	\$24.38
	Total	\$20.11	\$20.50	\$21.05	\$21.48	\$21.33	\$21.36	\$21.44	\$21.26
U.S.		2000	2001	2002	2003	2004	2005	2006	2007
	Male	\$20.99	\$21.07	\$21.56	\$21.53	\$21.55	\$21.45	\$21.24	\$21.27
	Female	\$16.38	\$16.71	\$17.10	\$17.33	\$17.43	\$17.48	\$17.35	\$17.50
	Total	\$18.77	\$18.98	\$19.42	\$19.50	\$19.56	\$19.54	\$19.37	\$19.46
California		2000	2001	2002	2003	2004	2005	2006	2007
	Male	\$22.04	\$22.08	\$22.77	\$22.99	\$23.06	\$22.81	\$22.95	\$22.72
	Female	\$17.81	\$18.62	\$19.02	\$19.68	\$19.31	\$19.66	\$19.64	\$19.51
	Total	\$20.11	\$20.50	\$21.05	\$21.48	\$21.33	\$21.36	\$21.44	\$21.26

Gender