Wages for California workers continue to decline

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15 July 2015

According to a recent report by the California Budget and Policy Center, typical workers at the middle of wage distribution saw their hourly wage continue to fall in 2014. As the median worker sees the purchasing power of his or her wages decline, social inequality widens.

The median worker in California, who earns $19.18 an hour, or $39,800 a year, saw his or her inflation-adjusted wage decline by 1.8 percent since 2011, when wages stopped falling for workers across the wage distribution scale. This decline makes a mockery of the claims of economic recovery, particularly for workers who were in the middle-income brackets. Median workers are making significantly less than before 2006, on the eve of the Great Recession.

Luke Reidenbach, a policy analyst at the California Budget and Policy Center, told the *Los Angeles Times*, "Typically you've seen the middle class as the key to economic mobility, a way to climb the economic ladder. They are feeling a very specific pinch right now."

Workers at all income levels, except the top 10 percent, saw their real wages decline from 2006 through 2011. While workers in both the upper- and lower-income brackets saw their wages increase since then, middle-income workers have not. While the national median wage has fallen 1.9 percent since 2006, the median wage earner in California saw a decline of 6.2 percent, triple the national average.

The report also analyzed U.S. Census data showing a widening gap between the top 10 percent of wage earners and the bottom 90 percent since 1979. In 2014, California's median wage of $19.18 was 5.1 percent below the inflation-adjusted level of 1979, or $20.22. As the report says, "these diverging fortunes have led to a widening gulf between higher-wage workers and everyone else." In 2014, someone in the 90th percentile made $2.60 for every dollar a median worker made, compared to $1.87 in 1979.

While California, compared to other states, has an increasingly better-educated and more-productive workforce, there has not been a corresponding rise in pay. According to an analysis by the Economic Policy Institute, the state's overall productivity grew by 89.1 percent between 1979 and 2013, while total compensation for the typical worker, including health insurance and retirement benefits, grew only by 2.9 percent in real terms. This is wider than the national gap between earnings growth and productivity growth, which saw overall national productivity grow by 75.6 percent since 1979 while median hourly wages grew by 11.9 percent.

While California is the richest state, with the highest concentration of billionaires in the country, life for the typical worker is a daily struggle to make ends meet. This reality was also underscored by a report by the personal finance site *MoneyRates.com,* which compiled a list of the "Best states to make a living" using a combination of wages, taxes, cost of living, unemployment and workplace safety lists.

The site found that, "despite having one of the highest average wages in the nation, California could not overcome several negative attributes. That average wage is more than negated by high taxes and cost of living. On top of that, the unemployment rate and the frequency of workplace safety incidents are both higher in California than national average."

California was ranked the sixth worst place to make a living. While the unemployment is officially 6.4 percent (May 2015, U.S. Department of Labor), the real figure, including those who have stopped looking for work, is undoubtedly higher, with a labor force participation rate as low as 62.5 percent, even lower than the national level, at 62.6 percent. The average number of workplace accidents is also higher, four incidents per 100 workers.

In 2012, Governor Jerry Brown pushed Proposition 30 through the ballot, an initiative that imposed a hefty regressive tax increase on workers and produced $6 billion in revenue as the mantra that “there is no money for public education” was used to blackmail voters in order to avoid yet another cut.

What is overlooked in these recent reports is that the cost of living in California is dramatically exacerbated by years of unprecedented attacks on social services, by both the Obama administration and state officials. Brown cut billions in education, MediCal, CalWORKS, affordable housing and other crucial social services. At the same time, tax breaks and loopholes for corporations have been pushed through in the name of promoting “growth.”

Many workers, of course, do not even make the median income and have to spend the bulk of their wages on transportation, health insurance, and other necessities to maintain life. A UCLA study found that Los Angeles is the least affordable place to rent in America. To afford median rent, a worker would have to earn $50 an hour, or $100,000 annually.

Workers in Los Angeles are particularly impoverished. Around 20 percent of the population lives below the official poverty line, including a quarter of its children, while the homeless population has increased 16 percent since 2013.