

CALIFORNIA BUDGET PROJECT

SPECIAL REPORT

LEFT BEHIND:

WORKERS AND THEIR FAMILIES
IN A CHANGING LOS ANGELES

September 2006

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California Budget Project

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KEY FINDINGS

For generations, Los Angeles has been known as a place where one could go to achieve the American dream. Not long ago, this dream was easily realized in Los Angeles. California's most populous county was once a place where jobs brought the middle-class lifestyle within reach of anyone who worked hard. Such jobs formed the foundation of Los Angeles' prosperity and enabled the county to become one of the most vibrant places in California.

Over the past few decades, however, economic and demographic changes have recast the landscape of the Los Angeles economy.¹ Today, low-wage jobs have replaced many of the jobs that once provided a gateway to a middle-class life. As the county's labor market has changed, many Los Angeles workers and their families have been left behind. Job growth in Los Angeles has lagged that of the rest of the state, and the gap between the wages earned by workers in Los Angeles and the rest of California has widened considerably. As Los Angeles enters the twenty-first century, its promise of the good life has faded. Workers tend to have lower wages, families tend to have lower incomes, and residents have a higher rate of poverty in Los Angeles than in the rest of the state.

It is unclear whether Los Angeles will continue to fall behind the rest of California in the future. However, given the sheer size of the Los Angeles labor market – with more than one in four of California's workers (27.3 percent), and more workers than 42 states – economic trends in Los Angeles will have an extensive impact on the state and nation.² This report examines how Los Angeles workers and their families have fared relative to their counterparts in the rest of California as the county's labor market has changed. This report finds that:

Los Angeles Was at the Center of the Bust and on the Periphery of the Boom

Los Angeles was at the center of the bust in the early 1990s and on the periphery of the boom in the late 1990s. As a result, job growth in the county has fallen behind that of the rest of the state. The recession of the early 1990s resulted in job losses in nearly every major sector in Los Angeles. Between 1990 and 1995, the number of Los Angeles jobs declined by 9.4 percent (389,100). In contrast, the number of jobs in the rest of California increased by 3.7 percent. Although the boom of the late 1990s led to job growth in Los Angeles, the county's gains fell far short of those of the rest of the state. Between 1995 and 2000, the number of jobs in Los Angeles increased by

8.7 percent (325,500) – less than half the increase in the rest of the state (20.1 percent). Ultimately, over the last decade and a half, the number of jobs in Los Angeles declined by 2.8 percent (115,500), while the number of jobs in the rest of the state increased by a substantial 28.5 percent (2,386,100).

Los Angeles' Economic Base Has Shifted

In recent decades, manufacturing – which once formed the core of Los Angeles' economic base – has declined considerably, and the service sector has expanded in its place.³ This shift has increased the share of jobs in low-wage industries and diminished the number of well-paying jobs available to workers with relatively low levels of educational attainment. Additionally, the composition of Los Angeles' manufacturing sector has been transformed. Although jobs in both durable and non-durable goods manufacturing declined during this period, job losses in durable goods were far more severe. Consequently, non-durable goods jobs, which tend to have lower wages, have gained increased prominence in the county's manufacturing sector.

The Composition of the Los Angeles Labor Force Has Changed

The composition of the Los Angeles labor force has changed dramatically in recent decades. While the majority of Los Angeles workers (58.8 percent) were white in 1979, no single ethnic or racial group constituted a majority in 2005. The county's workers have become more ethnically and racially diverse largely due to the rising number of Latino and Asian workers. Between 1979 and 2005, Latinos' share of the Los Angeles labor force more than doubled, increasing from 22.7 percent to 45.5 percent, while Asians' share of the county's workforce nearly doubled, rising from 7.8 percent to 15.0 percent. The increasing diversity of the Los Angeles workforce also reflects immigration.⁴ During the 1980s and 1990s, the number of foreign-born workers in the Los Angeles workforce increased by more than 900,000.

While Los Angeles workers were more likely to have higher levels of educational attainment in 2005 than they were in 1979, more than one-fifth of the county's workforce (22.2 percent) had not completed high school, essentially the same share as in 1979. It is particularly noteworthy that the share of workers in Los Angeles without a high school degree has not increased in light of the large increase in the number of immigrant and Latino workers, who tend to have low levels of educational attainment. In 2005, 38.5 percent of Los Angeles foreign-born workers and 45.1 percent of Los Angeles Latino workers had not completed high school.

Los Angeles Workforce Characteristics Differ Markedly from Those of the Rest of the State

The Los Angeles workforce differs markedly from that of the rest of the state. In 2005, nearly half of the Los Angeles workforce (45.5 percent) was Latino, compared to approximately one-quarter of the workforce in the rest of the state (28.1 percent). In addition, half of Los Angeles workers (50.5 percent) were born outside of the US, compared to less than one-third of the rest of the state's workers (31.3 percent). Los Angeles workers also tend to have low levels of educational attainment relative to workers in the rest of the state. More than one in every five workers (22.2 percent) in Los Angeles had not completed high school in 2005, compared to approximately one in eight workers (13.2 percent) in the rest of the state.

The Wage Gap Between Los Angeles and the Rest of California Has Widened

The typical Los Angeles worker's earnings have lost purchasing power since 1979. Between 1979 and 2005, the inflation-adjusted hourly wage of the typical worker – the worker at the middle of the earnings distribution – decreased by 6.4 percent. In contrast, the wage of the typical worker in the rest of the state increased by 5.9 percent during the same period, after adjusting for inflation. As a result, the gap between the wages of the typical Los Angeles worker and the typical worker in rest of the state has widened considerably. In 2005, the typical Los Angeles worker earned 83.3 cents for every dollar earned by his or her counterpart in the rest of the state, down from 94.3 cents for every dollar in 1979.

Ethnic Wage Disparities Have Widened, the Gender Gap Has Narrowed

The typical Los Angeles Latino worker's wage also has lost purchasing power, widening the gap between Latino and white workers' earnings. In 2005, the typical Latino worker earned 50.0 cents for every dollar earned by his or her white counterpart, down from 66.7 cents in 1979. Over the same period, the gender gap in Los Angeles narrowed. Much of this narrowing has resulted from the declining purchasing power of male workers' wages. Between 1979 and 2005, the typical male worker's wage declined by nearly one-fifth (19.2 percent), while the typical female worker's wage increased by 12.8 percent, after adjusting for inflation.

The Share of Workers with Job-Based Benefits Has Declined

Los Angeles workers are increasingly less likely to have job-based health coverage. Between 1979 and 2004, the share of the county's workers with job-based health coverage declined from 71.1 percent to 50.5 percent. Over the same period, the share of workers in the rest of the state with job-based health coverage fell from 74.0 percent to 61.3 percent. A relatively smaller share of the Los Angeles workforce had job-based health coverage in 2004 compared to the rest of the state's workforce at least in part because of the growing prevalence of low-wage jobs in the county, which are less likely to offer health coverage.

Los Angeles workers also were less likely to have a job-based pension plan in 2004. Fewer than two in five workers (37.2 percent) had a job-based pension plan in 2004, down from nearly half of all workers (48.8 percent) in 1979. The share of workers in the rest of the state with job-based pension coverage decreased as well, from 55.6 percent in 1979 to just under half (47.1 percent) in 2004.

Incomes Are Lower and Poverty Is More Prevalent in Los Angeles

Given that Los Angeles workers' wages tend to be lower than those of workers in the rest of California, the typical Los Angeles income also is lower and poverty is more prevalent. The median family income – the income of the family exactly at the middle of the income distribution – was \$50,598 in Los Angeles in 2004, 13.3 percent lower than in California as a whole. In addition, 38.9 percent of Los Angeles residents had incomes below twice the federal poverty level in 2004, compared to 29.9 percent of residents of the rest of the state.

LOS ANGELES HAS FALLEN BEHIND THE REST OF CALIFORNIA

At the Center of the Early 1990s Bust

The recession of the early 1990s took a disproportionate toll on the Los Angeles economy. Reductions in federal defense spending, which began in the 1980s, resulted in a sharp

decline in jobs in defense-related industries such as aerospace and computers and electronic products. Los Angeles was hit particularly hard by these cutbacks since defense-related manufacturing industries were heavily concentrated in the region.⁵

Between 1990 and 1995, Los Angeles lost 185,400 manufacturing jobs – a 22.8 percent decline (Table 1). The number of jobs in the aerospace product and parts industry dropped by half (50.3 percent). In 1990, one in every six manufacturing jobs (16.0 percent) was in the aerospace industry. Five years later, one in every 10 jobs (10.3 percent)

Table 1: Los Angeles Lost Jobs While the Remainder of the State Gained Jobs, 1990 to 2005

	Number of Jobs							
	1990		1995		2000		2005	
	Los Angeles County	Rest of California	Los Angeles County	Rest of California	Los Angeles County	Rest of California	Los Angeles County	Rest of California
Construction	145,100	499,400	113,100	385,700	131,700	599,300	145,900	759,000
Manufacturing	811,600	1,148,200	626,200	1,088,700	611,300	1,246,200	475,900	1,059,900
Wholesale and Retail Trade	633,700	1,360,700	564,500	1,374,100	610,400	1,593,900	620,400	1,671,300
Transportation and Utilities	161,000	264,200	154,200	305,400	174,400	342,800	164,100	321,300
Information	186,200	204,400	190,400	225,500	242,600	332,800	213,200	273,000
Financial Activities	280,300	541,600	228,700	513,600	218,700	576,400	245,600	674,800
Professional and Business Services	541,900	974,100	519,000	1,148,800	598,200	1,647,800	568,600	1,578,700
Educational and Health Services	384,700	731,600	371,000	867,900	416,200	981,800	474,900	1,111,800
Leisure and Hospitality	306,600	797,900	308,900	872,600	344,300	988,300	381,300	1,098,100
Other Services	136,700	278,900	130,900	299,700	139,700	347,000	146,000	363,900
Public Administration	539,800	1,535,000	535,700	1,571,300	581,300	1,736,800	580,400	1,819,500
Total Nonfarm	4,135,700	8,364,100	3,746,600	8,675,400	4,072,100	10,416,100	4,020,200	10,750,200
	Percent Change							
	1990 to 1995		1995 to 2000		2000 to 2005		1990 to 2005	
	Los Angeles County	Rest of California	Los Angeles County	Rest of California	Los Angeles County	Rest of California	Los Angeles County	Rest of California
Construction	-22.1%	-22.8%	16.4%	55.4%	10.8%	26.6%	0.6%	52.0%
Manufacturing	-22.8%	-5.2%	-2.4%	14.5%	-22.1%	-14.9%	-41.4%	-7.7%
Wholesale and Retail Trade	-10.9%	1.0%	8.1%	16.0%	1.6%	4.9%	-2.1%	22.8%
Transportation and Utilities	-4.2%	15.6%	13.1%	12.2%	-5.9%	-6.3%	1.9%	21.6%
Information	2.3%	10.3%	27.4%	47.6%	-12.1%	-18.0%	14.5%	33.6%
Financial Activities	-18.4%	-5.2%	-4.4%	12.2%	12.3%	17.1%	-12.4%	24.6%
Professional and Business Services	-4.2%	17.9%	15.3%	43.4%	-4.9%	-4.2%	4.9%	62.1%
Educational and Health Services	-3.6%	18.6%	12.2%	13.1%	14.1%	13.2%	23.4%	52.0%
Leisure and Hospitality	0.8%	9.4%	11.5%	13.3%	10.7%	11.1%	24.4%	37.6%
Other Services	-4.2%	7.5%	6.7%	15.8%	4.5%	4.9%	6.8%	30.5%
Public Administration	-0.8%	2.4%	8.5%	10.5%	-0.2%	4.8%	7.5%	18.5%
Total Nonfarm	-9.4%	3.7%	8.7%	20.1%	-1.3%	3.2%	-2.8%	28.5%

Source: Employment Development Department

in a smaller manufacturing sector was in the aerospace industry. Other industries with substantial job losses included electrical equipment and appliance manufacturing, primary metal manufacturing, and computer and electronic equipment manufacturing.

Because manufacturing was vital to the region's economic base – providing one in every five jobs in Los Angeles in 1990 – job losses had a significant impact on the larger labor market. Nearly every major sector experienced a decline in jobs, and by 1995, Los Angeles had 9.4 percent fewer jobs (389,100) than in 1990. In contrast, the number of jobs in the rest of California increased by 3.7 percent during this period.

On the Periphery of the Late 1990s Boom

The boom of the late 1990s generated job growth throughout California, but job gains in Los Angeles fell far short of those in the rest of the state. Between 1995 and 2000, the number of jobs in Los Angeles increased by 8.7 percent (325,500) – less than half the increase in the rest of the state (20.1 percent). Moreover, Los Angeles job gains in the late 1990s failed to offset the major losses the county experienced in the early 1990s. In 2000 – at the peak of the boom – Los Angeles still had 63,600 fewer jobs than in 1990 – the year the recession began.

Los Angeles job gains lagged those of the rest of the state during the late 1990s because the boom was largely driven by high-tech industries, which are predominantly located outside of Los Angeles, particularly in the San Francisco Bay Area. In 2000, for example, 7.9 percent of the rest of the state's jobs were in high-tech industries, compared to 4.4 percent of Los Angeles jobs.⁶ Moreover, the rest of the state's job gains in high-tech industries during the boom far outpaced those of Los Angeles. Between 1995 and 2000, the number of jobs in the rest of the state's high-tech industries increased by 43.9 percent, compared to 17.8 percent in Los Angeles.⁷

Another Bust and a Slow Recovery

At the beginning of the next decade, another economic downturn generated job losses throughout the state. Although this recession had its origin in high-tech industries, which are less central to the Los Angeles economy than to that of the rest of the state, the number of jobs in the county declined considerably. Between 2000 and 2003, when statewide employment bottomed out, Los Angeles lost 89,200 jobs.⁸ Although the county gained 37,300 jobs between 2003 and 2005, this was not sufficient to offset the losses of the previous three years. As a result, the number of jobs in Los Angeles declined by 1.3 percent (51,900) between 2000 and 2005. The rest of California, in contrast, recovered from the recession

more quickly, posting a 3.2 percent job gain between 2000 and 2005.

Because Los Angeles was at the center of the bust of the early 1990s, on the periphery of the boom of the late 1990s, and slow to recover from the most recent recession, job growth in the county has fallen behind that of the rest of the state. Over the last decade and a half, the number of jobs in Los Angeles declined by 2.8 percent (115,500), while the number of jobs in the rest of the state increased by a substantial 28.5 percent (2,386,100).

More recently, Los Angeles has added jobs at about the same rate as the rest of the state. Between June 2005 and June 2006, the number of jobs in Los Angeles increased by 1.3 percent, compared to a 1.5 percent increase in the rest of the state. The information and construction sectors posted the largest job gains in Los Angeles over this one-year period, with a 3.6 percent and 2.9 percent increase in jobs, respectively. However, the county's manufacturing sector continued to decline, with the number of jobs falling by 0.5 percent during this period.⁹

THE ECONOMIC BASE OF LOS ANGELES HAS CHANGED

The Share of Manufacturing Jobs Has Declined, While the Share of Service Jobs Has Increased

In recent decades, manufacturing has declined as a share of the Los Angeles economy. Between 1990 and 2005, Los Angeles lost 335,700 manufacturing jobs, a drop of 41.4 percent. While manufacturing provided one in every five jobs (19.6 percent) in 1990, it provided fewer than one in every eight of the county's jobs (11.8 percent) in 2005 (Table 2).

The number of manufacturing jobs has declined in the US and the rest of California as well, but not to the same extent as in Los Angeles. Between 1990 and 2005, the number of US manufacturing jobs fell by 19.6 percent – less than half the drop in manufacturing jobs in Los Angeles.¹⁰ During the same 15-year period, the number of manufacturing jobs in the rest of the state decreased by 7.7 percent – less than one-fifth as much as in Los Angeles.¹¹

As manufacturing jobs have declined in Los Angeles, the service sector has gained in importance. Between 1990

and 2005, the share of the county's jobs in service-providing industries rose by 7.8 percentage points – the same amount by which the share of manufacturing jobs declined.¹² This shift from manufacturing to service employment has been far more pronounced in Los Angeles than in the rest of California. Over the same period, the share of the rest of the state's jobs in manufacturing declined by 3.9 percentage points, while that of the service sector increased by 2.9 percentage points.¹³

Jobs Have Shifted to Low-Wage Industries

The shift of jobs from manufacturing to services has increased the share of Los Angeles jobs in low-wage industries. For example, as the share of jobs in manufacturing declined by 7.8 percentage points between 1990 and 2005, the share of jobs in accommodation and food service increased by 1.7 percentage points. The latter paid an average weekly wage of \$324 in 2004 – approximately one-third (36.7 percent) of that paid in manufacturing.¹⁴ Over the same period, the share of jobs in administrative support and other services – industries with average weekly wages below \$540 – increased by a combined 1.4 percentage points. Since low-wage service industries are like the manufacturing sector in that they tend to employ workers with low levels of educational attainment, this shift has diminished the number of well-paying jobs available to such workers.¹⁵

Other research confirms this trend toward low-wage job creation in Los Angeles. One study, for example, found that nearly two in every five jobs (39.4 percent) created in the county between 1982 and 2003 were in low-wage industries.¹⁶ Another study found that Los Angeles added approximately 300,000 jobs with typical earnings in the bottom 30 percent of the distribution between 1992 and 2000, compared with approximately 50,000 jobs in the middle of the distribution.¹⁷

Non-Durable Goods Manufacturing Has Gained Prominence

Over the last 15 years, not only has manufacturing become less central to Los Angeles' economic base, but it also has undergone substantial transformation. Manufacturing jobs in Los Angeles have shifted away from durable goods, such as transportation equipment and computer and electronics production, toward non-durable goods, such as apparel and food production. Between 1990 and 2005, the number of jobs in durable goods declined by 50.1 percent, compared to a 24.7 percent decline in non-durable goods. Consequently, the share of Los Angeles manufacturing jobs in durable goods dropped from 65.6 percent in 1990 to 55.9 percent in 2005, while the share of manufacturing jobs in non-durable goods rose from 34.4 percent to 44.1 percent over the same period (Table 3).

In contrast with Los Angeles' experience, the share of durable goods jobs in the rest of California and the nation has changed very little since 1990. More than two-thirds (67.6 percent) of the rest of the state's manufacturing jobs were in durable goods in 2005 – nearly the same share as in 1990. In the nation as a whole, the share of durable goods manufacturing employment increased slightly from 60.7 percent to 62.9 percent between 1990 and 2005.¹⁸

	Share of Los Angeles County Jobs		Percentage Point Change	Average Weekly Wage
	1990	2005	1990 to 2005	2004
Goods Producing				
Manufacturing	19.6%	11.8%	-7.8	\$882
Construction	3.7%	3.7%	0.0	\$885
Total Goods Producing	23.3%	15.6%	-7.8	\$883
Service Providing				
Accommodation and Food Service	6.0%	7.7%	1.7	\$324
Other Services	3.3%	3.6%	0.3	\$428
Administrative Support	5.3%	6.4%	1.1	\$539
Retail Trade	9.8%	10.1%	0.3	\$550
Educational Services	2.1%	2.4%	0.4	\$784
Health Care and Social Assistance	7.2%	9.4%	2.1	\$810
Real Estate	2.0%	1.9%	0.0	\$841
Transportation and Utilities	3.9%	4.1%	0.2	\$873
Wholesale Trade	5.5%	5.3%	-0.2	\$915
Public Administration	13.1%	14.4%	1.4	\$1,171
Professional and Technical Services	5.9%	6.0%	0.1	\$1,315
Management	2.0%	1.8%	-0.2	\$1,426
Information	4.5%	5.3%	0.8	\$1,464
Arts, Entertainment, and Recreation	1.4%	1.8%	0.4	\$1,488
Finance and Insurance	4.8%	4.2%	-0.6	\$1,569
Total Service Providing	76.7%	84.4%	7.8	\$856

Note: Construction includes natural resources and mining. Administrative support includes waste services.

Source: CBP analysis of Employment Development Department data

Table 3: Non-Durable Goods Manufacturing Gained Prominence in Los Angeles

	Share of Total Manufacturing Jobs			
	Los Angeles County		Rest of California	
	1990	2005	1990	2005
Durable Goods	65.6%	55.9%	68.5%	67.6%
Computer and Electronics	15.6%	12.5%	27.9%	25.2%
Transportation Equipment	19.2%	11.3%	10.4%	7.5%
Other	30.8%	32.1%	30.3%	35.0%
Total Durable Goods Jobs	532,800	265,900	787,000	717,000
Non-Durable Goods	34.4%	44.1%	31.5%	32.4%
Apparel	11.1%	12.9%	2.3%	2.0%
Food	5.9%	9.4%	11.0%	10.2%
Other	17.4%	21.8%	18.2%	20.2%
Total Non-Durable Goods Jobs	278,800	210,000	361,200	342,900
Total Manufacturing Jobs	811,600	475,900	1,148,200	1,059,900

Source: Employment Development Department

As Jobs Have Shifted Toward Non-Durable Goods, the Typical Manufacturing Worker's Wage Has Declined

The growing share of non-durable goods jobs within the Los Angeles manufacturing sector represents another shift toward lower paying jobs in Los Angeles, since non-durable goods jobs tend to pay less than durable goods jobs.¹⁹ For example, jobs in the aerospace industry – which declined from 16.0 percent to 8.6 percent of all manufacturing jobs between 1990 and 2005 – paid an average weekly wage of \$916 in 2005.²⁰ Meanwhile, jobs in the apparel and textile industries – which increased from 12.1 percent to 15.2 percent of all manufacturing jobs over the same 15-year period – paid an average weekly wage of \$358 and \$409, respectively, in 2005 – less than half that paid by the aerospace industry.

As manufacturing jobs in Los Angeles have shifted from higher-wage durable goods to lower-wage non-durable goods, the hourly wage of the typical manufacturing worker – the worker exactly at the middle of the earnings distribution – has lost purchasing power.²¹ Between 1989 and 2002 – the most

recent year for which comparable data are available – the hourly wage of the typical manufacturing worker in Los Angeles declined by 12.2 percent, after adjusting for inflation (Table 4).²² Much of this decline is attributable to the growing share of jobs in non-durable goods.²³ However, at the same time, the typical non-durable goods manufacturing worker's wage has lost substantial purchasing power. Between 1989 and 2002, the inflation-adjusted hourly wage of the typical non-durable goods worker declined by 11.8 percent, compared to a 6.4 percent decline in the typical durable goods worker's wage.

Los Angeles manufacturing workers earn considerably less than their counterparts in the rest of the state. In 2005, the typical Los Angeles manufacturing worker earned an hourly wage that was just 62.4 percent of what his or her counterpart in the rest of the state earned (Table 5). This earnings disparity largely reflects the prevalence of low-wage industries within the Los Angeles manufacturing sector. For example, one in eight manufacturing jobs (12.9 percent) was in the low-wage apparel industry in 2005, compared with one in 50 jobs (2.0 percent) in the rest of the state. A substantial, but smaller, wage gap also exists in construction, where the typical Los Angeles worker earned just 70.9 percent of what the typical

Table 4: Typical Los Angeles Manufacturing Worker's Wage Lost Purchasing Power (2005 Dollars)

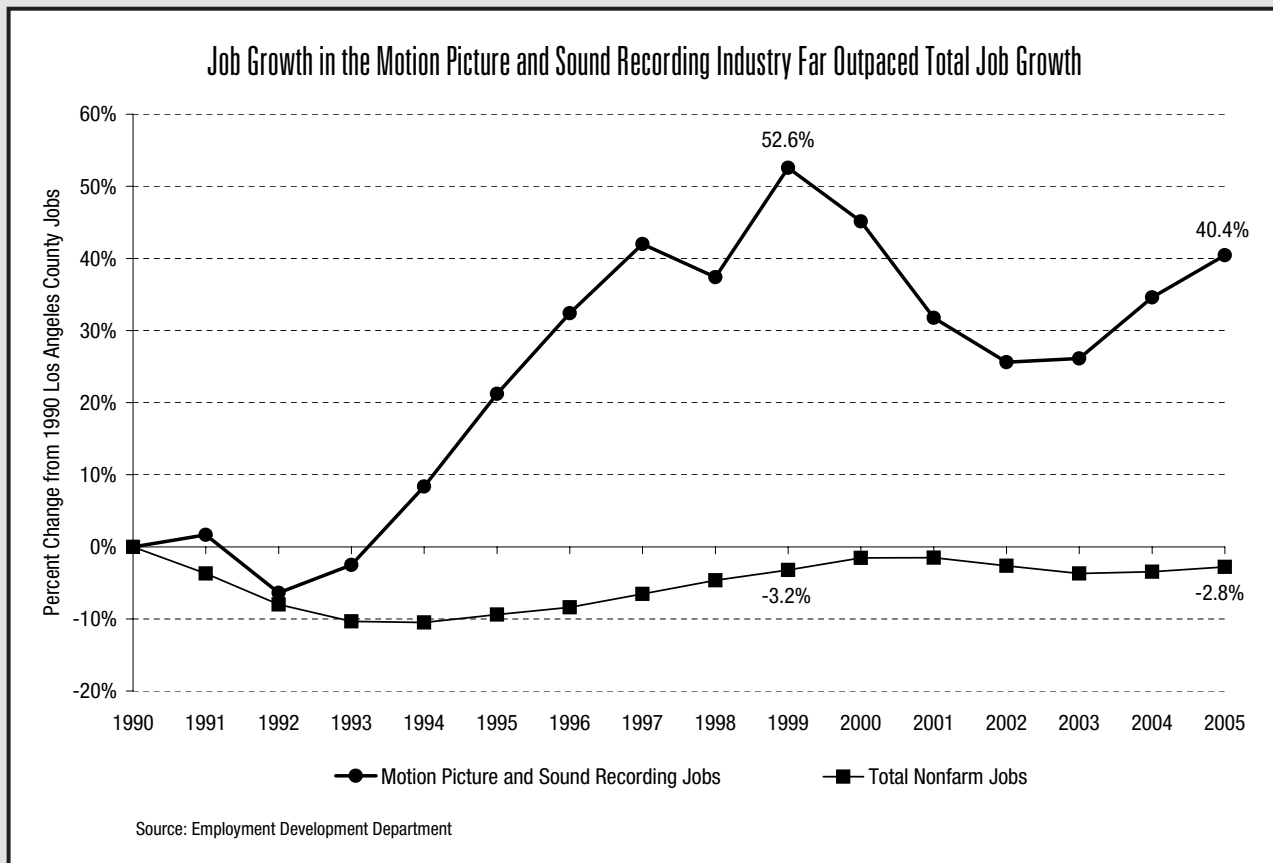
Hourly Wage	Los Angeles County			Rest of California		
	1989	2002	Percent Change	1989	2002	Percent Change
20th Percentile	\$8.75	\$8.69	-0.7%	\$12.17	\$11.95	-1.8%
Median	\$15.21	\$13.36	-12.2%	\$19.01	\$19.55	2.8%
80th Percentile	\$25.10	\$24.98	-0.5%	\$28.52	\$33.94	19.0%

Source: CBP analysis of Current Population Survey data

The Film Industry in Los Angeles

The film industry historically has been, and continues to be, central to the Los Angeles economy. In 2005, Los Angeles County had 134,400 jobs in the motion picture and sound recording industry.²⁴ More than eight in 10 (85.2 percent) of the state's film and sound recording jobs and over one-third (34.5 percent) of the nation's film and sound recording jobs are located in Los Angeles.

Contrary to widespread claims about the movement of film industry jobs out of California, job growth in Los Angeles' film industry has outpaced job growth in the Los Angeles economy as a whole. Between 1990 and 2005, the motion picture and sound recording industry added 38,700 jobs – a 40.4 percent increase. In contrast, total employment in Los Angeles decreased by 2.8 percent over the same period. Although the film industry shed 25,800 jobs between 1999 and 2002, employment has since posted strong growth. The industry added 14,200 jobs between 2002 and 2005.



The total number of production days in the Los Angeles area is also up. Total production days increased to 54,062 in 2005, up 1,492 days from the prior year and 6,393 days above the prior peak of 47,669 in 1997.²⁵ Between 2003 and 2005, Los Angeles area television production days increased by 30.2 percent and features production days rose by 29.9 percent.

“While the majority (58.8 percent) of Los Angeles workers were white in 1979, no single ethnic or racial group constituted a majority in 2005.”

construction worker in the rest of the state earned. The smallest wage gap was in leisure and hospitality, where the typical Los Angeles worker’s wage was 98.5 percent of that of the typical worker in the rest of the state in 2005.

THE COMPOSITION OF THE LOS ANGELES LABOR FORCE HAS CHANGED

The composition of the Los Angeles labor force has changed dramatically over the past few decades. While the majority (58.8 percent) of Los Angeles workers were white in 1979, no single ethnic or racial group constituted a majority in 2005 (Table 6). Los Angeles workers have become more ethnically and racially diverse largely due to the growing share of Latino and Asian workers. Between 1979 and 2005, Latinos’ share of the Los Angeles labor force more than doubled, increasing from 22.7 percent to 45.5 percent. The share of Asians nearly doubled, rising from 7.8 percent in 1979 to 15.0 percent in 2005.

The increasing diversity of the Los Angeles workforce also reflects immigration. During the 1980s and 1990s, more than 900,000 immigrants joined the Los Angeles labor force.²⁶ The number of foreign-born workers in Los Angeles increased by nearly 700,000 between 1980 and 1990, and by nearly 230,000 between 1990 and 2000.²⁷ The share of foreign-born workers in Los Angeles increased in every major sector. By 2000, immigrants were most heavily concentrated in non-durable goods manufacturing, where nearly two in three workers (65.8 percent) were foreign-born (Table 7).

The number of native-born white workers in the Los Angeles workforce declined by nearly 370,000 (17.9 percent) in

the 1990s, after increasing during the previous decade.²⁸ This decline coincided with Los Angeles’ loss of 200,300 manufacturing jobs, many of which were held by native-born whites.²⁹

While Los Angeles workers were more likely to have higher levels of educational attainment in 2005 than in 1979, a persistently large share of workers had not completed high school. Between 1979 and 2005, the share of the county’s labor force with a bachelor’s degree or more increased from 23.1 percent to 31.3 percent. Meanwhile, the share of workers with a high school degree declined from 28.1 percent to 20.6 percent. Yet more than one-fifth of the county’s workforce (22.2 percent) had not completed high school in 2005, essentially the same share as in 1979. It is particularly noteworthy that the share of Los Angeles workers without a high school degree has not increased since 1979 given the large increase in the number of immigrant and Latino workers, who tend to have low levels of educational attainment. In 2005, 38.5 percent of Los Angeles foreign-born workers and 45.1 percent of Los Angeles Latino workers had not completed high school.³⁰

Table 5: Los Angeles Workers Earn Less Than Their Counterparts in the Rest of the State in Every Major Sector, 2005

	Median Hourly Wage		
	Los Angeles County	Rest of California	Los Angeles as a Percentage of Rest of California
Manufacturing	\$12.00	\$19.23	62.4%
Construction	\$12.50	\$17.62	70.9%
Professional and Business Services	\$17.00	\$21.15	80.4%
Transportation and Utilities	\$15.00	\$18.00	83.3%
Other Services	\$11.00	\$13.00	84.6%
Educational and Health Services	\$17.31	\$19.23	90.0%
Financial Activities	\$19.23	\$21.00	91.6%
Public Administration	\$21.40	\$23.08	92.7%
Wholesale and Retail Trade	\$14.00	\$15.00	93.3%
Information	\$23.36	\$24.00	97.3%
Leisure and Hospitality	\$9.85	\$10.00	98.5%
All Industries	\$15.00	\$18.00	83.3%

Source: CBP analysis of Current Population Survey data

Table 6: How Do Los Angeles Workers Compare with Workers in the Rest of California?

	1979		1989		2005	
	Los Angeles County	Rest of California	Los Angeles County	Rest of California	Los Angeles County	Rest of California
Age						
25 to 40	56.6%	56.4%	61.0%	60.6%	51.8%	47.7%
41 to 55	31.0%	32.5%	30.8%	31.0%	37.7%	40.7%
56 to 64	12.5%	11.1%	8.2%	8.5%	10.5%	11.6%
Gender						
Male	56.6%	57.5%	54.4%	54.2%	54.9%	54.7%
Female	43.4%	42.5%	45.6%	45.8%	45.1%	45.3%
Race/Ethnicity						
Asian and Other	7.8%	6.2%	11.0%	9.8%	15.0%	15.4%
Black	10.6%	4.9%	10.9%	4.9%	8.1%	4.8%
Latino	22.7%	11.2%	32.3%	17.7%	45.5%	28.1%
White	58.8%	77.7%	45.8%	67.7%	31.4%	51.6%
Education						
Less Than High School Degree	22.0%	14.4%	21.0%	13.0%	22.2%	13.2%
High School Degree	28.1%	28.8%	24.3%	27.5%	20.6%	21.5%
Some College	26.8%	30.3%	26.0%	29.6%	26.0%	29.3%
Bachelor's Degree or Higher	23.1%	26.5%	28.7%	29.9%	31.3%	36.0%

Source: CBP analysis of Current Population Survey data

Table 7: Los Angeles Foreign-Born Workers Are Most Concentrated in Non-Durable Goods Manufacturing

	Share of Workers Who Are Foreign-Born			Percentage Point Change
	1980	1990	2000	1980 to 2000
Non-Durable Goods Manufacturing	40.1%	57.5%	65.8%	25.7
Durable Goods Manufacturing	28.9%	39.3%	51.1%	22.2
Wholesale and Retail Trade	24.6%	39.9%	47.5%	22.9
Construction	22.9%	41.3%	46.2%	23.3
Professional and Business Services	19.3%	29.5%	35.0%	15.7
Transportation and Utilities	14.6%	24.9%	34.7%	20.1
Finance, Insurance, and Real Estate	19.0%	25.7%	30.1%	11.1
Public Administration	9.5%	16.1%	24.0%	14.5
All Industries	23.4%	35.1%	41.2%	17.8

Note: Excludes workers in industries that are not classifiable or unknown.
Source: CBP analysis of US Census Bureau Integrated Public Use Microdata Series data

THE WAGE GAP BETWEEN LOS ANGELES AND THE REST OF CALIFORNIA HAS WIDENED

The Typical Los Angeles Worker's Wage Has Lost Purchasing Power

The purchasing power of the typical Los Angeles worker's earnings declined between 1979 and 2005.³¹ During this period, the inflation-adjusted hourly wage of the typical Los Angeles worker fell by 6.4 percent (Table 8). Much of this decline occurred in the early to mid-1990s. Between 1989 and 1995, the typical worker's wage decreased by 7.3 percent, after adjusting for inflation. During the boom years of the late 1990s, the typical Los Angeles worker's wage rebounded somewhat, but was stagnant during the first half of this decade.

The earnings of the typical worker in the rest of the state, in contrast, has gained purchasing power. Between 1979 and

“In 2005, the typical Los Angeles worker earned just 83.3 cents for every dollar earned by his or her counterpart in the rest of the state, down from 94.3 cents for every dollar in 1979.”

2005, the typical worker’s inflation-adjusted hourly wage rose by 5.9 percent. While some of the gains occurred during the boom of the late 1990s, even greater gains have occurred more recently. Between 2000 and 2005, the inflation-adjusted wage of the typical worker in the rest of the state increased by 5.8 percent.

The wage gap between Los Angeles and the rest of California has widened as the typical Los Angeles worker’s wage has lost purchasing power and the typical worker’s wage in the rest of the state has gained purchasing power (Figure 1). In 2005, the typical Los Angeles worker earned just 83.3 cents for every dollar earned by his or her counterpart in the rest of the state, down from 94.3 cents for every dollar in 1979.

The Wage of Low-Wage Workers Has Lost More Purchasing Power in Los Angeles

The hourly wage of low-wage workers lost purchasing power between 1979 and 2005 in both Los Angeles and the rest of the state. However, the decline was greater in Los Angeles. During this period, the purchasing power of the wage earned by Los Angeles low-wage workers – those with hourly earnings at the 20th percentile of the earnings distribution – fell by 9.7 percent (Table 9). In contrast, the inflation-adjusted wage of low-wage workers in the rest of the state fell by 5.6 percent. In both cases, the loss of purchasing power occurred prior to 1996.

Since 1995, the purchasing power of the wage of low-wage workers has increased considerably in Los Angeles. The inflation-adjusted wage of low-wage Los Angeles workers increased by 5.8 percent between 1995 and 2000 and 7.0 percent between 2000 and 2005. These wage gains reflect, at least in part, increases to the state’s minimum wage during this period.

The wage gap between Los Angeles low-wage workers and their counterparts in the rest of the state widened somewhat

Table 8: Typical Los Angeles Worker’s Wage Lost Purchasing Power, 1979 to 2005

	Median Hourly Wage (2005 Dollars)		
	Los Angeles County	Rest of California	Los Angeles as a Percentage of Rest of California
1979	\$16.03	\$17.00	94.3%
1989	\$15.85	\$16.85	94.0%
1990	\$15.94	\$16.73	95.2%
1991	\$16.08	\$16.78	95.8%
1992	\$16.37	\$17.05	96.0%
1993	\$15.73	\$16.64	94.6%
1994	\$15.46	\$16.31	94.8%
1995	\$14.69	\$16.52	88.9%
1996	\$14.25	\$16.12	88.4%
1997	\$13.99	\$16.38	85.4%
1998	\$14.36	\$16.75	85.7%
1999	\$14.65	\$16.99	86.2%
2000	\$14.92	\$17.01	87.7%
2001	\$14.89	\$17.65	84.4%
2002	\$15.13	\$17.41	86.9%
2003	\$15.29	\$18.05	84.7%
2004	\$14.91	\$18.61	80.1%
2005	\$15.00	\$18.00	83.3%
	Percent Change		
	Los Angeles County	Rest of California	
1979 to 1989	-1.1%	-0.9%	
1989 to 1995	-7.3%	-2.0%	
1995 to 2000	1.6%	3.0%	
2000 to 2005	0.5%	5.8%	
1979 to 2005	-6.4%	5.9%	

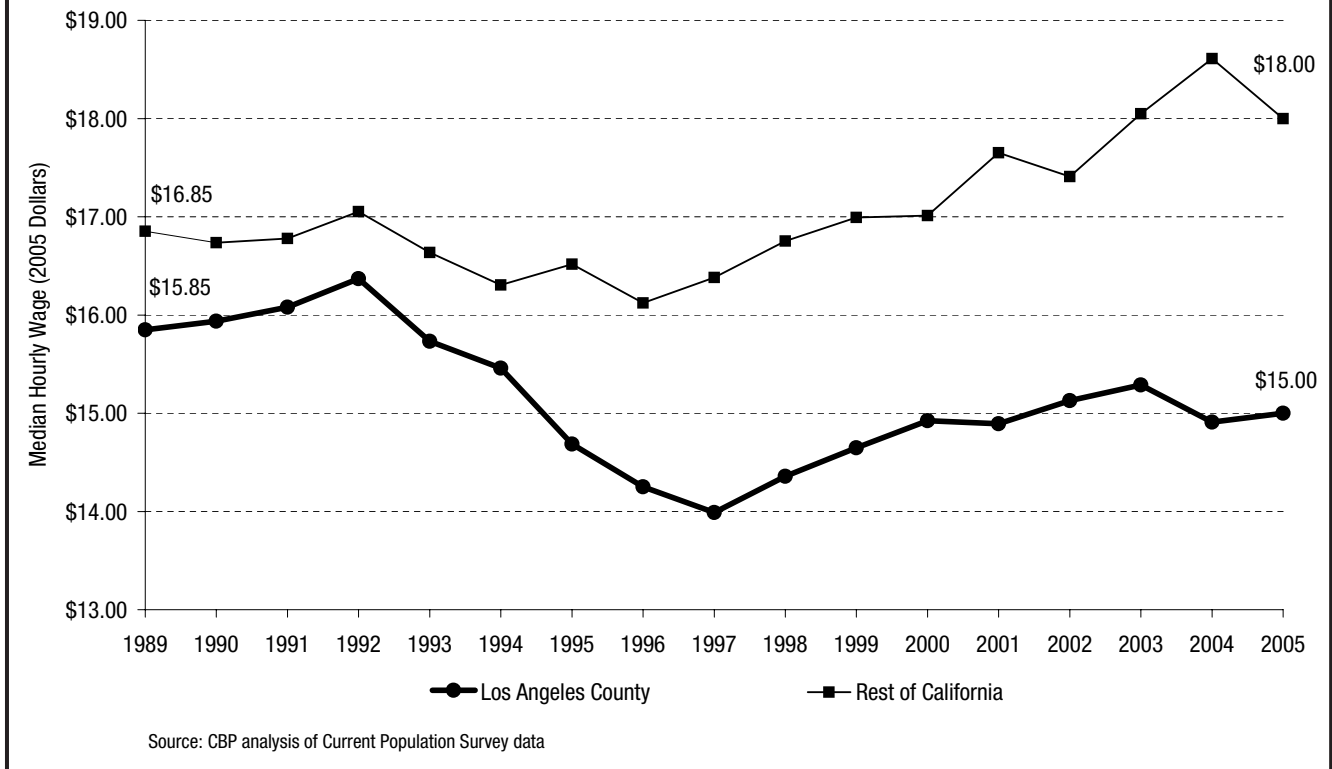
Source: CBP analysis of Current Population Survey data

between 1979 and 2005. In 2005, low-wage workers in Los Angeles earned 90.0 cents for every dollar earned by comparable workers in the rest of the state, down from 94.1 cents in 1979.

The Wage of High-Wage Workers Has Gained Less Purchasing Power in Los Angeles

The wage of high-wage workers gained purchasing power between 1979 and 2005 in both Los Angeles and the rest of the state. However, these gains were smaller in Los Angeles. During this period, the hourly wage of Los Angeles high-wage workers – those with earnings at the 80th percentile of

Figure 1: Gap Between the Typical Los Angeles Worker's Wage and That of the Typical Worker in the Rest of California Has Widened Substantially



the earnings distribution – increased by 12.3 percent, after adjusting for inflation. In contrast, the inflation-adjusted wage of high-wage workers in the rest of the state increased by 21.4 percent. Much of the increase occurred during the late 1990s boom, when the purchasing power of the wage of high-wage workers increased by 8.8 percent in the rest of the state.

In the early 1990s, the earnings of high-wage workers in Los Angeles were similar to those of their counterparts in the rest of the state. Subsequently, a gap developed as the rest of the state's high-wage workers experienced more substantial gains than their Los Angeles counterparts. In 2005, Los Angeles high-wage workers earned 92.5 cents for every dollar earned by their counterparts in the rest of the state.

Some of the Wage Gap Between Los Angeles and the Rest of the State Reflects Characteristics of the Workforce

Some of the wage gap between Los Angeles and the rest of the state reflects workforce characteristics. For example, a considerably larger share of the Los Angeles workforce has low levels of educational attainment compared to the rest of the state's workforce. More than one in five Los Angeles

workers (22.2 percent) had not completed high school in 2005, compared to approximately one in eight workers (13.2 percent) in the rest of the state.³² Lower levels of educational attainment typically translate into lower wages. In Los Angeles, the typical worker who had not completed high school earned \$9.00 per hour in 2005, 60.0 percent of the hourly wage of the typical Los Angeles worker (\$15.00).³³

Los Angeles also has a disproportionate share of Latino and foreign-born workers, the majority of whom have low levels of educational attainment and earn low wages.³⁴ Nearly half of the Los Angeles workforce (45.5 percent) is Latino, compared to approximately one-quarter of the rest of the state's workforce (28.1 percent). The typical Los Angeles Latino worker earned \$11.25 per hour in 2005, 75.0 percent of what the typical Los Angeles worker earned (\$15.00). Additionally, half of Los Angeles workers (50.5 percent) were born outside of the US, compared to less than one-third of the rest of the state's workers (31.3 percent). The typical Los Angeles foreign-born worker earned \$12.00 per hour in 2005, 80.0 percent of what the typical Los Angeles worker earned (\$15.00).

After accounting for differences in educational attainment and racial or ethnic characteristics of the workforce, the wage gap between the typical Los Angeles worker and the typical worker in the rest of the state narrows. For example, the typical white

Table 9: Low-Wage Workers' Wages Lost Purchasing Power and High-Wage Workers' Wages Gained Purchasing Power, 1979 to 2005

	20th Percentile Hourly Wage (2005 Dollars)			80th Percentile Hourly Wage (2005 Dollars)		
	Los Angeles County	Rest of California	Los Angeles as a Percentage of Rest of California	Los Angeles County	Rest of California	Los Angeles as a Percentage of Rest of California
1979	\$9.97	\$10.59	94.1%	\$24.93	\$24.93	100.0%
1989	\$9.13	\$10.14	90.0%	\$26.62	\$26.62	100.0%
1990	\$9.06	\$10.14	89.3%	\$26.80	\$26.73	100.3%
1991	\$9.37	\$9.79	95.7%	\$27.10	\$26.88	100.8%
1992	\$9.21	\$10.07	91.5%	\$27.28	\$27.28	100.0%
1993	\$8.65	\$9.98	86.7%	\$26.62	\$26.62	100.0%
1994	\$8.54	\$9.78	87.3%	\$26.07	\$27.22	95.8%
1995	\$7.95	\$9.23	86.2%	\$25.45	\$26.72	95.2%
1996	\$8.06	\$9.53	84.5%	\$24.79	\$26.48	93.6%
1997	\$7.89	\$9.10	86.7%	\$25.06	\$27.23	92.0%
1998	\$8.38	\$9.57	87.5%	\$25.77	\$27.68	93.1%
1999	\$8.20	\$9.61	85.4%	\$25.82	\$29.22	88.4%
2000	\$8.41	\$9.88	85.2%	\$26.45	\$29.08	91.0%
2001	\$8.58	\$9.93	86.4%	\$26.51	\$30.34	87.4%
2002	\$8.69	\$10.45	83.2%	\$26.86	\$30.41	88.3%
2003	\$9.02	\$10.62	85.0%	\$26.54	\$30.63	86.7%
2004	\$8.79	\$10.34	85.0%	\$26.86	\$31.02	86.6%
2005	\$9.00	\$10.00	90.0%	\$28.00	\$30.27	92.5%
	Percent Change					
	20th Percentile Hourly Wage			80th Percentile Hourly Wage		
	Los Angeles County	Rest of California		Los Angeles County	Rest of California	
1979 to 1989	-8.5%	-4.2%		6.8%	6.8%	
1989 to 1995	-12.8%	-9.1%		-4.4%	0.4%	
1995 to 2000	5.8%	7.1%		3.9%	8.8%	
2000 to 2005	7.0%	1.2%		5.9%	4.1%	
1979 to 2005	-9.7%	-5.6%		12.3%	21.4%	

Source: CBP analysis of Current Population Survey data

Los Angeles worker with no more than a high school degree earned 97.5 percent of what a comparable worker in the rest of the state earned in 2005 (Table 10). However, a substantial gap remains for Asian workers. For instance, the typical Los Angeles Asian worker with some college education earned 87.4 percent of what his or her counterpart in the rest of the state earned.³⁵ This suggests that Asians tend to be employed disproportionately in high-wage jobs in the rest of the state.

Ethnic and Racial Wage Disparities Have Widened in Los Angeles

The typical Los Angeles Latino worker's wage has lost substantial purchasing power since 1979, resulting in the widening gap between the wages of Latinos and whites. Between 1979 and 2005, the inflation-adjusted wage of the

typical Latino worker declined by 9.7 percent (Table 11). The inflation-adjusted wage of the typical white worker, in contrast, increased by one-fifth (20.3 percent) over the same period. Consequently, the typical Latino worker earned just 50.0 cents for every dollar earned by his or her white counterpart in 2005, down from 66.7 cents in 1979 (Figure 2).

Interestingly, the wage of the typical Latino worker in Los Angeles has gained purchasing power since 1995. During the boom years between 1995 and 2000, the inflation-adjusted wage of the typical Latino worker increased by 6.9 percent. In addition, the typical Latino worker's wage increased by 10.2 percent between 2000 and 2005, after adjusting for inflation. Nevertheless, these wage gains were not sufficient to compensate for previous losses.

The gap between the wages of black and white workers in Los Angeles also has widened. In 2005, the typical black worker

Table 10: Some of the Wage Gap Between Los Angeles and the Rest of the State Reflects Workforce Characteristics, 2005

	Median Hourly Wage								
	Los Angeles County			Rest of California			Los Angeles as a Percentage of Rest of California		
	White	Latino	Asian and Other	White	Latino	Asian and Other	White	Latino	Asian and Other
High School Degree or Less	\$15.50	\$10.00	*	\$15.90	\$10.25	\$13.75	97.5%	97.6%	*
Some College	\$18.00	\$15.00	\$15.30	\$18.00	\$15.05	\$17.50	100.0%	99.7%	87.4%
Bachelor's Degree or More	\$28.00	\$21.63	\$22.58	\$27.68	\$22.00	\$25.64	101.2%	98.3%	88.1%

* Not reported due to insufficient sample size.

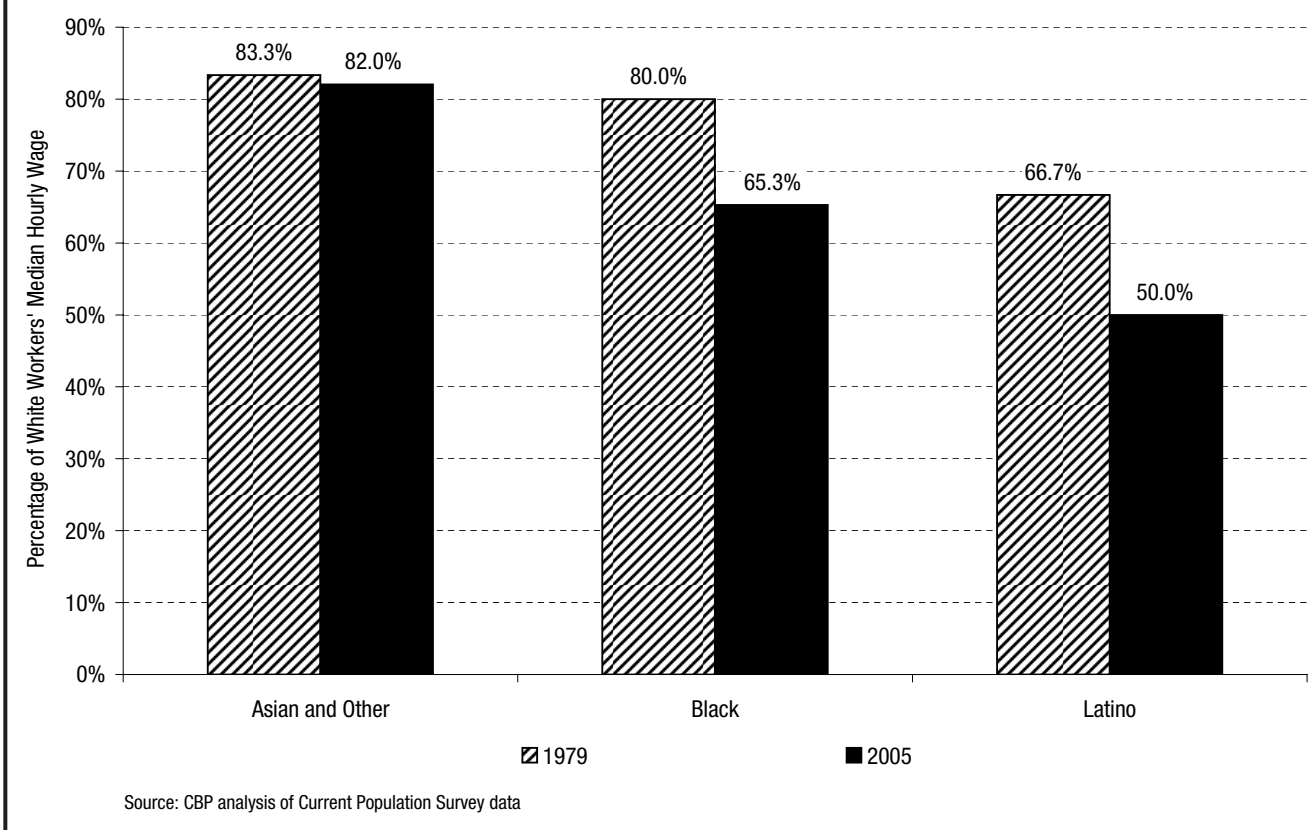
Source: CBP analysis of Current Population Survey data

Table 11: Latino and Black Workers' Wages Lost Purchasing Power, 1979 to 2005

	Los Angeles County							Rest of California						
	Median Hourly Wage (2005 Dollars)				Percentage of White Median Wage			Median Hourly Wage (2005 Dollars)				Percentage of White Median Wage		
	Asian and Other	Black	Latino	White	Asian and Other	Black	Latino	Asian and Other	Black	Latino	White	Asian and Other	Black	Latino
1979	\$15.58	\$14.96	\$12.46	\$18.70	83.3%	80.0%	66.7%	\$14.96	\$15.08	\$13.71	\$17.80	84.0%	84.7%	77.0%
1989	\$17.03	\$17.11	\$11.03	\$19.77	86.2%	86.5%	55.8%	\$15.79	\$15.21	\$12.09	\$18.89	83.6%	80.5%	64.0%
1990	\$17.39	\$17.39	\$11.30	\$19.92	87.3%	87.3%	56.7%	\$15.94	\$14.49	\$11.59	\$18.29	87.2%	79.2%	63.4%
1991	\$16.08	\$16.78	\$11.19	\$20.97	76.7%	80.0%	53.3%	\$14.92	\$16.78	\$11.19	\$18.36	81.3%	91.4%	60.9%
1992	\$16.37	\$15.92	\$10.91	\$20.46	80.0%	77.8%	53.3%	\$15.01	\$16.37	\$11.60	\$18.76	80.0%	87.3%	61.8%
1993	\$16.64	\$15.97	\$10.65	\$19.96	83.3%	80.0%	53.3%	\$15.97	\$15.97	\$11.31	\$18.63	85.7%	85.7%	60.7%
1994	\$16.29	\$15.80	\$10.43	\$20.05	81.3%	78.8%	52.0%	\$16.71	\$16.29	\$10.60	\$18.60	89.8%	87.6%	57.0%
1995	\$16.54	\$15.27	\$9.54	\$20.36	81.3%	75.0%	46.9%	\$16.10	\$17.82	\$10.65	\$18.53	86.9%	96.2%	57.5%
1996	\$15.73	\$14.87	\$9.91	\$19.49	80.7%	76.3%	50.9%	\$15.68	\$16.25	\$11.15	\$18.59	84.3%	87.4%	60.0%
1997	\$15.56	\$14.80	\$9.71	\$20.02	77.7%	73.9%	48.5%	\$16.81	\$14.56	\$10.92	\$18.66	90.1%	78.0%	58.5%
1998	\$17.25	\$16.11	\$9.97	\$20.41	84.5%	78.9%	48.8%	\$15.56	\$16.11	\$11.97	\$19.18	81.1%	84.0%	62.4%
1999	\$16.90	\$16.11	\$10.02	\$21.09	80.1%	76.4%	47.5%	\$17.46	\$16.01	\$11.72	\$19.61	89.1%	81.6%	59.8%
2000	\$18.14	\$15.71	\$10.21	\$20.93	86.7%	75.0%	48.8%	\$18.58	\$15.03	\$11.91	\$19.54	95.1%	76.9%	60.9%
2001	\$17.65	\$16.62	\$11.03	\$21.22	83.2%	78.3%	52.0%	\$17.65	\$15.16	\$12.14	\$20.69	85.3%	73.3%	58.7%
2002	\$17.38	\$15.20	\$10.86	\$21.72	80.0%	70.0%	50.0%	\$18.28	\$16.18	\$12.51	\$20.63	88.6%	78.4%	60.6%
2003	\$17.87	\$14.01	\$11.15	\$21.44	83.4%	65.4%	52.0%	\$18.05	\$15.92	\$12.74	\$20.82	86.7%	76.5%	61.2%
2004	\$19.64	\$15.51	\$10.86	\$21.71	90.5%	71.4%	50.0%	\$18.64	\$16.54	\$12.90	\$21.45	86.9%	77.1%	60.1%
2005	\$18.46	\$14.69	\$11.25	\$22.50	82.0%	65.3%	50.0%	\$20.00	\$15.50	\$12.00	\$20.77	96.3%	74.6%	57.8%
	Percent Change													
	Los Angeles County							Rest of California						
	Asian and Other	Black	Latino	White	Asian and Other	Black	Latino	White	Asian and Other	Black	Latino	White	Asian and Other	Black
1979 to 1989	9.3%	14.4%	-11.5%	5.8%	5.6%	0.9%	-11.8%	6.1%						
1989 to 1995	-2.9%	-10.8%	-13.4%	3.0%	2.0%	17.1%	-11.9%	-1.9%						
1995 to 2000	9.7%	2.9%	6.9%	2.8%	15.4%	-15.7%	11.8%	5.5%						
2000 to 2005	1.7%	-6.5%	10.2%	7.5%	7.7%	3.2%	0.8%	6.3%						
1979 to 2005	18.5%	-1.8%	-9.7%	20.4%	33.7%	2.8%	-12.5%	16.7%						

Source: CBP analysis of Current Population Survey data

Figure 2: Wage Gap Between Blacks and Whites, Latinos and Whites Widened in Los Angeles, 1979 to 2005



earned 65.3 cents for every dollar earned by his or her white counterpart, down from 80.0 cents in 1979. The widening gap reflects the fact that the typical black worker's wage has lost purchasing power over the long term, declining by 1.8 percent since 1979.

In stark contrast to wage trends for Latino and black workers in Los Angeles, the wages of Asian workers have increased substantially. Between 1979 and 2005, the inflation-adjusted wage of the typical Asian worker rose by 18.5 percent. Much of this gain occurred during the late 1990s boom when the typical Asian worker's wage increased by 9.7 percent, after adjusting for inflation.

The Gender Gap Has Narrowed as Male Workers' Wages Have Decreased

The gender gap in Los Angeles narrowed as male workers' wages lost purchasing power and female workers' wages gained purchasing power (Table 12). Between 1979 and 2005, the typical male worker's wage dropped by nearly one-fifth (19.2 percent), while the typical female worker's wage increased by 12.8 percent, after adjusting for inflation (Figure 3). Consequently, in 2005 the typical female worker in

Los Angeles earned 93.0 cents for every dollar earned by her male counterpart – up from 66.6 cents for every dollar in 1979.

The gender wage gap also narrowed considerably in the rest of the state, but unlike in Los Angeles, this narrowing was primarily due to women's wage gains. The typical female worker's wage in the rest of the state increased by more than one-third (34.0 percent) between 1979 and 2005, after adjusting for inflation, while the typical male worker's wage dropped by 8.5 percent.

A High School Degree Is Less Valuable in Los Angeles Than in the Rest of the State

Los Angeles workers earn less than their counterparts in the rest of the state at all levels of educational attainment. The gap is especially large for workers with a high school degree.³⁶ The typical Los Angeles worker with a high school diploma earned 86.7 cents for every dollar earned by his or her counterpart in the rest of the state in 2005 (Table 13). The earnings gap is narrowest for workers with at least a four-year degree, who earned 96.2 cents for every dollar earned by the typical worker with comparable educational attainment in the rest of the state.

Table 12: Gap Between Male and Female Workers' Wages Narrowed, 1979 to 2005

	Los Angeles County			Rest of California			Los Angeles as a Percentage of Rest of California	
	Median Hourly Wage (2005 Dollars)		Women's Wages as a Percentage of Men's Wages	Median Hourly Wage (2005 Dollars)		Women's Wages as a Percentage of Men's Wages		
	Men	Women		Men	Women		Men	Women
1979	\$19.19	\$12.79	66.6%	\$20.76	\$12.56	60.5%	92.4%	101.8%
1989	\$18.02	\$14.45	80.2%	\$19.50	\$14.34	73.6%	92.4%	100.7%
1990	\$17.82	\$14.49	81.3%	\$19.56	\$14.49	74.1%	91.1%	100.0%
1991	\$17.48	\$14.12	80.8%	\$19.30	\$14.17	73.4%	90.6%	99.7%
1992	\$17.05	\$14.75	86.5%	\$19.10	\$14.92	78.1%	89.3%	98.8%
1993	\$16.64	\$14.64	88.0%	\$19.14	\$14.64	76.5%	86.9%	100.0%
1994	\$15.64	\$14.66	93.8%	\$18.25	\$14.66	80.4%	85.7%	100.0%
1995	\$15.27	\$14.00	91.7%	\$18.58	\$14.69	79.0%	82.2%	95.3%
1996	\$14.87	\$13.60	91.4%	\$17.87	\$14.90	83.4%	83.2%	91.3%
1997	\$14.56	\$13.35	91.7%	\$18.20	\$14.56	80.0%	80.0%	91.7%
1998	\$14.96	\$13.81	92.3%	\$18.56	\$14.96	80.6%	80.6%	92.3%
1999	\$15.23	\$14.06	92.3%	\$18.75	\$15.23	81.3%	81.3%	92.3%
2000	\$15.88	\$14.15	89.1%	\$19.28	\$15.26	79.2%	82.4%	92.7%
2001	\$15.53	\$13.85	89.1%	\$19.86	\$15.72	79.2%	78.2%	88.1%
2002	\$15.99	\$13.74	85.9%	\$19.49	\$15.84	81.3%	82.0%	86.7%
2003	\$15.92	\$13.94	87.5%	\$19.40	\$16.11	83.0%	82.1%	86.6%
2004	\$15.51	\$14.47	93.3%	\$19.88	\$16.70	84.0%	78.0%	86.7%
2005	\$15.50	\$14.42	93.0%	\$19.00	\$16.83	88.6%	81.6%	85.7%
	Percent Change							
	Los Angeles County			Rest of California				
	Men	Women		Men	Women			
1979 to 1989	-6.1%	13.0%		-6.1%	14.2%			
1989 to 1995	-15.3%	-3.1%		-4.7%	2.4%			
1995 to 2000	4.0%	1.1%		3.8%	3.9%			
2000 to 2005	-2.4%	1.9%		-1.4%	10.3%			
1979 to 2005	-19.2%	12.8%		-8.5%	34.0%			

Source: CBP analysis of Current Population Survey data

Workers in Los Angeles with a high school diploma experienced lower “returns to education” – the gain in wages earned for each additional level of education – compared to workers in the rest of the state. The typical Los Angeles worker with a high school diploma earned 44.4 percent more per hour than the typical Los Angeles worker without a high school diploma. In comparison, the typical worker with a high school diploma in the rest of the state earned 52.3 percent more per hour than the typical worker without a high school diploma.

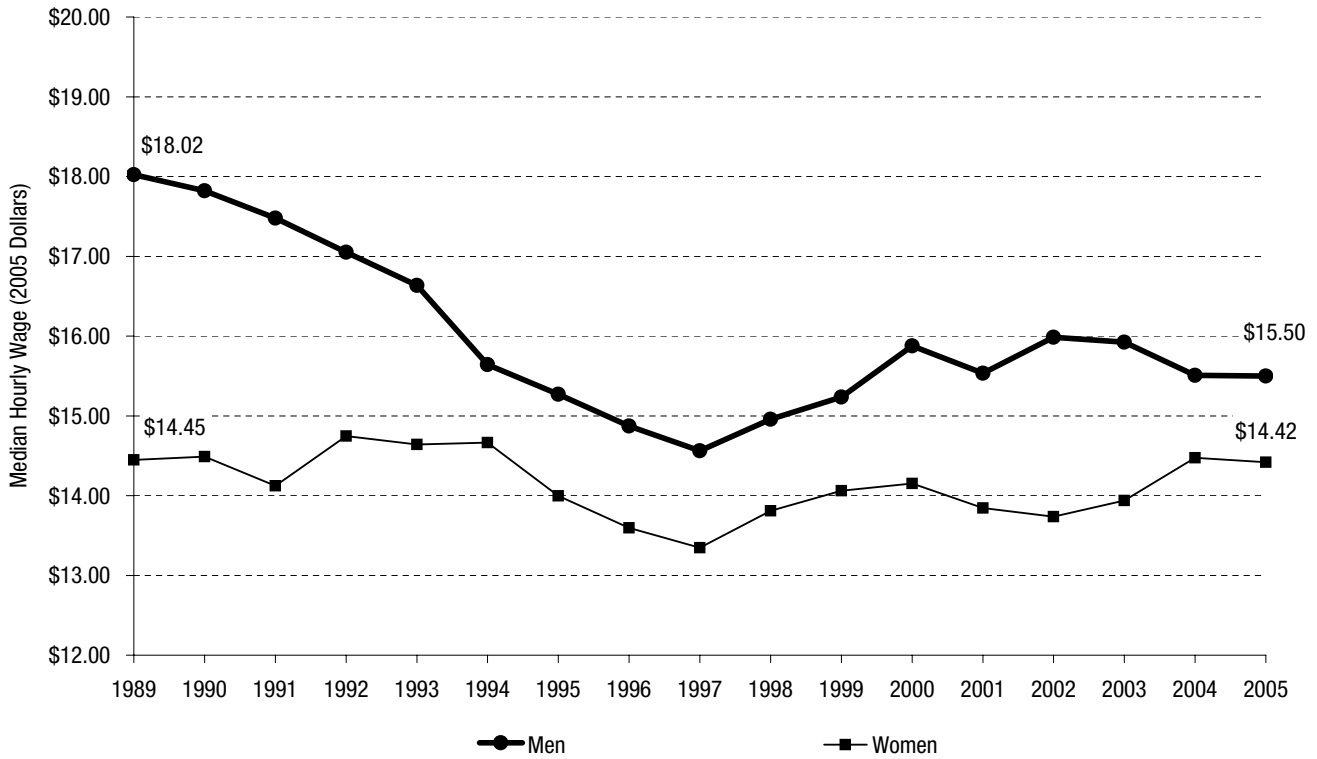
In contrast, Los Angeles workers experienced greater returns for attending at least some college than workers in the rest of the state. The typical worker in Los Angeles with some college education, but not a four-year degree, earned 23.1 percent more per hour than the typical worker with a high school diploma. The earnings differential for comparable workers in the rest of the state was 15.3 percent. In addition, the typical

worker with a bachelor’s degree or more in Los Angeles earned 56.3 percent more per hour than the typical worker in Los Angeles with some college, but not a four-year degree, while the wage differential for comparable workers outside of Los Angeles was 50.3 percent.

The Union Wage Premium Increased for the Typical Los Angeles Worker

Workers represented by a labor union typically earn more than their non-union counterparts, and this is true in both Los Angeles and the rest of California. This “union wage premium” increased for the typical Los Angeles worker between 1989 and 2005. The typical Los Angeles worker who was represented by a union earned \$1.43 per hour for every

Figure 3: Gender Wage Gap in Los Angeles Narrowed as Men's Wages Declined



Source: CBP analysis of Current Population Survey data

dollar earned by the typical non-union worker in 2005, up from \$1.25 in 1989 (Table 14). The union wage premium increased because the typical union worker's wage gained purchasing power, while the typical non-union worker's wage lost purchasing power. Between 1989 and 2005, the typical union worker's wage increased by 5.1 percent, while the typical non-union worker's wage declined by 8.0 percent, after adjusting for inflation.

In contrast, the union wage premium declined in the rest of California during the same period. The typical worker who was represented by a union in the rest of the state earned \$1.22 per hour for every dollar earned by the typical non-union worker in 2005, down from \$1.30 in 1989. The union wage premium

declined in the rest of the state because the typical non-union worker's wage gained substantially more purchasing power than that of his or her union counterpart. Between 1989 and 2005, the inflation-adjusted wage of the typical non-union worker in the rest of the state increased by 11.8 percent – more than twice the gain of the typical union worker's wage.

Although the union wage premium increased in Los Angeles and decreased in the rest of California, unionization rates have declined at about the same rate in both areas. The share of Los Angeles workers represented by a union fell from 23.1 percent in 1989 to 18.5 percent in 2005. Over the same period, the share of union workers in the rest of the state dropped from 25.6 percent to 20.4 percent.³⁷

Table 13: Los Angeles Workers Earn Less Than Workers in the Rest of the State at All Levels of Educational Attainment, 2005

	Median Hourly Wage				Wage Differential		
	Less Than High School Degree	High School Degree	Some College	Bachelor's Degree or Higher	High School Degree vs. Less Than High School	Some College vs. High School Degree	Bachelor's Degree or Higher vs. Some College
Los Angeles County	\$9.00	\$13.00	\$16.00	\$25.00	44.4%	23.1%	56.3%
Rest of California	\$9.85	\$15.00	\$17.30	\$26.00	52.3%	15.3%	50.3%
Los Angeles as Percentage of Rest of California	91.4%	86.7%	92.5%	96.2%			

Source: CBP analysis of Current Population Survey data

Table 14: Union Wage Premium Increased for the Typical Los Angeles Worker Between 1989 and 2005

	Median Hourly Wage (2005 Dollars)					
	Los Angeles County			Rest of California		
	Union	Non-Union	Union as a Percentage of Non-Union	Union	Non-Union	Union as a Percentage of Non-Union
1989	\$19.01	\$15.21	125.0%	\$19.77	\$15.21	130.0%
2005	\$19.98	\$14.00	142.7%	\$20.77	\$17.00	122.2%
	Percent Change					
	Los Angeles County			Rest of California		
	Union	Non-Union		Union	Non-Union	
1989 to 2005	5.1%	-8.0%		5.0%	11.8%	

Note: "Union" workers include union members as well as workers represented by a union or "similar employee association" contract.
Source: CBP analysis of Current Population Survey data

THE SHARE OF WORKERS WITH JOB-BASED BENEFITS HAS DECLINED

California workers are increasingly less likely to have job-based health coverage. Although the share of workers with job-based health coverage may fluctuate year to year, the long-term trend in both Los Angeles and the rest of California has been downward. In 1979, more than seven in 10 Los Angeles workers (71.1 percent) received health coverage through their job (Figure 4). Twenty-five years later, just half of Los Angeles workers (50.5 percent) had job-based health coverage. Similarly, the share of workers in the rest of the state with job-based health coverage fell from 74.0 percent to 61.3 percent over the same period – a notable, but smaller, decline than that in Los Angeles. A smaller share of the Los Angeles workforce had job-based health coverage in 2004 relative to the rest of the state's workforce at least in part because of the growing prevalence of low-wage jobs in the county, which are less likely to offer health coverage.

Lack of health coverage is more prevalent among low-income workers both in Los Angeles and the rest of California. In 2003, two in five low-income Los Angeles workers (41.0 percent) – workers with incomes below twice the federal poverty level (FPL) – were uninsured, compared to one in nine workers (11.1 percent) with incomes at or above twice the FPL (Figure 5).³⁸ In the rest of the state, 36.4 percent of low-income workers were uninsured, compared to 8.4 percent of other workers.

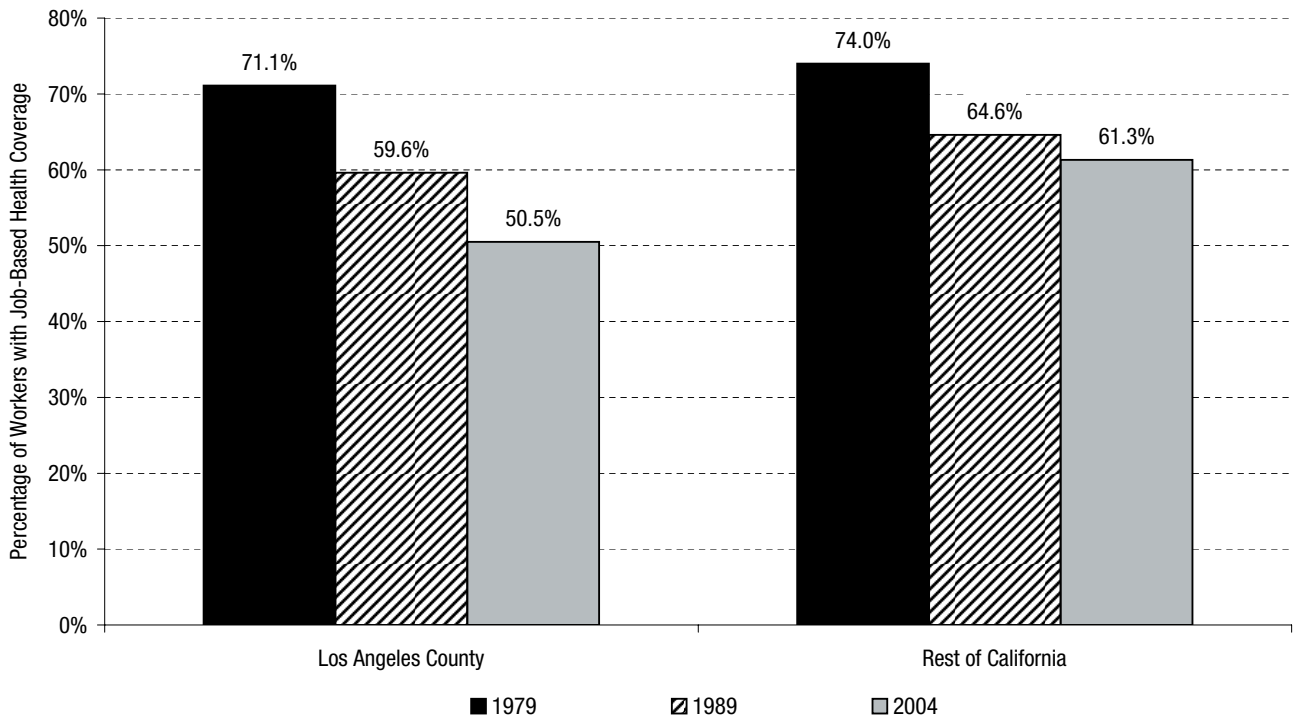
The share of Los Angeles workers with a job-based pension plan also declined between 1979 and 2004. In 1979, nearly half (48.8 percent) of Los Angeles workers had a job-based pension plan; by 2004, fewer than two in five workers (37.2 percent) did (Figure 6). Job-based pension coverage decreased among workers in the rest of the state, as well, but not by as much as for workers in Los Angeles. In 2004, just under half the workers (47.1 percent) in the rest of the state had a job-based pension plan, down from 55.6 percent in 1979.

INCOMES ARE LOWER AND POVERTY IS MORE PREVALENT IN LOS ANGELES

The Median Income Is Lower in Los Angeles Than in California Overall

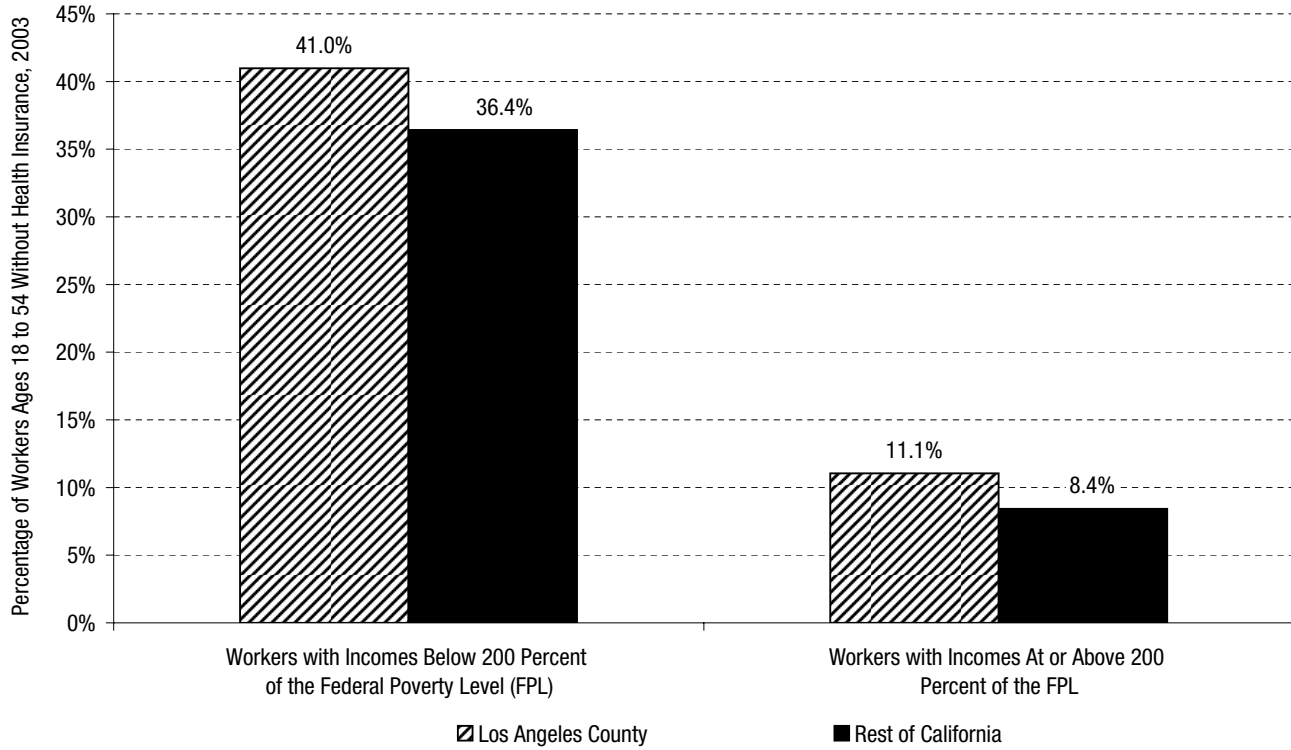
Given that wages in Los Angeles are relatively lower than in the rest of the state, it is not surprising that the typical Los Angeles income is lower than that for California as a whole. The median household income – that of the household exactly at the middle of the income distribution – was \$45,958 in Los Angeles in 2004, 10.2 percent lower than the median household income of the state as a whole (Table 15). The median family income, which excludes the income of single individuals, was \$50,598 in Los Angeles – 13.3 percent lower than in California. Even when accounting for differences in family size, the median family income in Los Angeles was

Figure 4: Share of Workers with Job-Based Health Coverage Has Declined



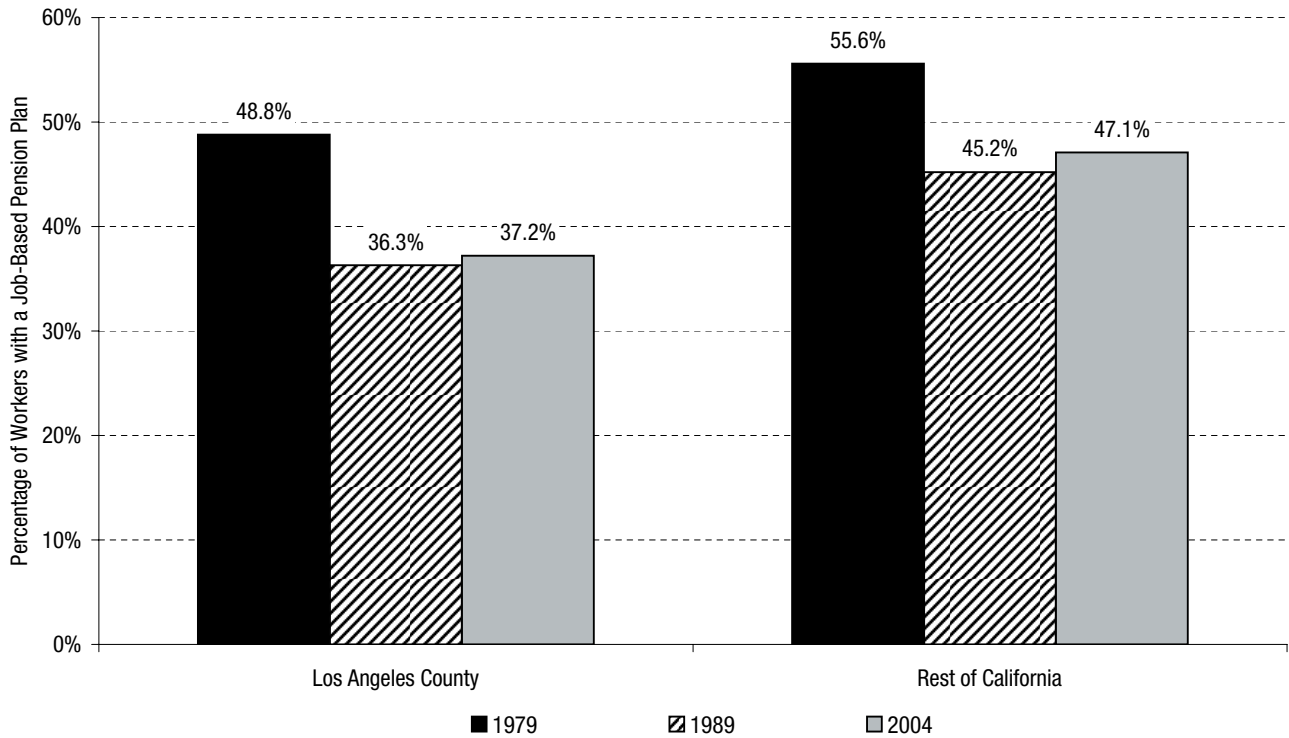
Note: Includes workers who worked at least 26 weeks per year and at least 20 hours per week.
 Source: CBP analysis of Current Population Survey data

Figure 5: Low-Income Workers Are More Likely to Lack Health Insurance



Source: UCLA Center for Health Policy Research

Figure 6: Share of Workers with Job-Based Pension Plans Has Declined



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

lower than that of California.³⁹ For example, the median family income for a family of three in Los Angeles was \$50,078 – 16.0 percent lower than that of a comparable family in the state as a whole.⁴⁰

Poverty Is More Prevalent in Los Angeles Than in the Rest of the State

A greater share of Los Angeles residents have incomes below the FPL than residents of the rest of the state. Nearly one in six Los Angeles residents (16.4 percent) had incomes below the FPL in 2004, compared to fewer than one in eight residents (12.2 percent) of the rest of the state (Table 16).⁴¹ In addition, 38.9 percent of Los Angeles residents had incomes below twice the FPL in 2004, compared to 29.9 percent of residents of the rest of the state. Los Angeles also has a higher rate of child poverty than the rest of the state. Nearly one in four Los Angeles children (23.5 percent) lived in families with incomes below the FPL in 2004, compared to fewer than one in five children in the rest of the state (17.0 percent).

However, the poverty level is widely considered an inadequate measure of families' well-being, in part because the standard does not take into account regional variations in the cost of living. The California Budget Project's (CBP) Basic Family

Table 15: Median Income Is Lower in Los Angeles Than in the State as a Whole, 2004

	Median Household Income	Median Family Income
Los Angeles County	\$45,958	\$50,598
California	\$51,185	\$58,327
	Household	Family
Los Angeles Median Income as a Percentage of California Median Income	89.8%	86.7%

Note: Median income data are not available for the rest of the state excluding Los Angeles.

Source: US Census Bureau, American Community Survey

Table 16: Poverty Is More Prevalent in Los Angeles Than in the Rest of California, 2004

	Percentage of Population with Incomes Below Federal Poverty Level (FPL)	Percentage of Population with Incomes Below 200 Percent of FPL	Percentage of Children in Families with Incomes Below FPL
Los Angeles County	16.4%	38.9%	23.5%
Rest of California	12.2%	29.9%	17.0%

Source: US Census Bureau, American Community Survey

Los Angeles Has a Large and Growing Share of Very High-Income Residents

Although the typical income for a Los Angeles family is lower than that of the state as a whole, Los Angeles has a large and growing number of very high-income residents. The share of Los Angeles taxpayers with an adjusted gross income (AGI) of at least \$100,000 more than doubled, rising from 3.9 percent in 1989 to 9.6 percent in 2003, the most recent year for which data are available.⁴³ The share of very high-income taxpayers in the rest of California more than tripled, rising from 3.9 percent in 1989 to 12.4 percent in 2003, reflecting the rest of the state's disproportionate gains from the boom of the late 1990s. In fact, the share of very high-income taxpayers in the rest of the state more than doubled between 1995 and 2000, from 5.8 percent to 11.9 percent.

While the number of very high-income taxpayers increased by a greater percentage in the rest of California, Los Angeles experienced a greater surge in millionaire taxpayers than the rest of the state. Between 1989 and 2003, the number of Los Angeles taxpayers with an AGI of at least \$1 million more than doubled, rising by 129.6 percent (from 4,011 to 9,208). In the rest of the state, the number of millionaire taxpayers increased by 110.2 percent (from 9,333 to 19,619). Millionaire taxpayers' income also has grown by a greater percentage in Los Angeles than in the rest of the state. Between 1989 and 2003, the combined income of Los Angeles millionaire taxpayers increased by 168.6 percent, from \$11.0 billion to \$29.5 billion. In contrast, the combined income of the rest of the state's millionaire taxpayers increased by 104.8 percent from \$28.9 billion to \$59.2 billion.

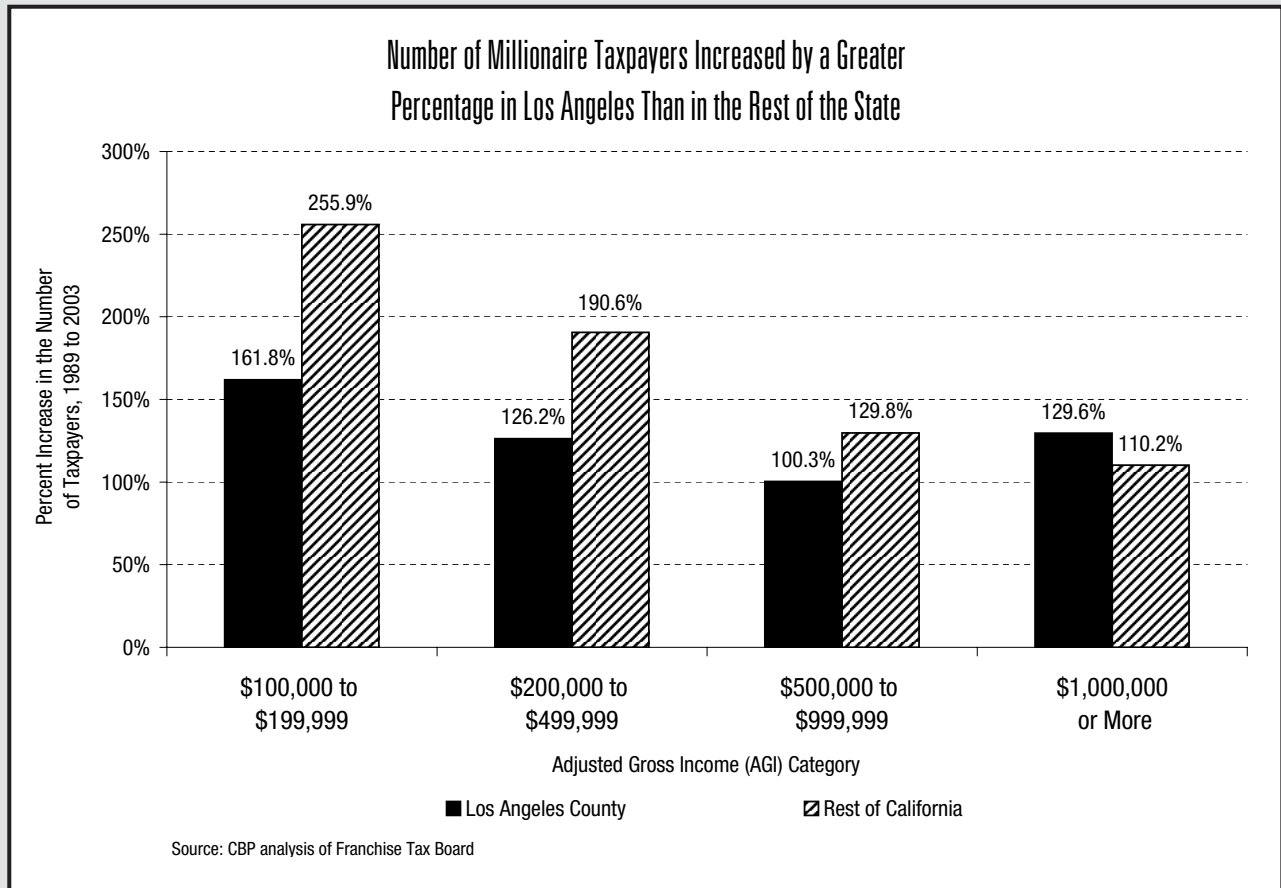


Table 17: Workers in Los Angeles Are Less Likely Than Workers in the Rest of the State to Be Able to Support a Family, 2005

Basic Family Wage for a:	Percentage of Workers Earning Less Than a Basic Family Wage	
	Los Angeles County	Rest of California
Single Adult	35.7%	29.8%
Single-Parent Family with Two Children	77.4%	72.4%
Two-Parent Family with Two Children, One Parent Working	67.1%	61.4%
Two-Parent Family with Two Children, Two Parents Working	51.9%	41.6%

Notes: CBP Basic Family Wage for a single adult in 2005 (with no dependents): \$11.86 (Los Angeles); \$12.44 (statewide). CBP Basic Family Wage for a single-parent family in 2005 (one adult and two children): \$25.97 (Los Angeles); \$25.96 (statewide). CBP Basic Family Wage for a family of four in 2005 with one working adult and two children: \$20.67 (Los Angeles); \$21.22 (statewide). CBP Basic Family Wage for a family of four with two working adults and two children: \$15.16 (Los Angeles); \$15.37 (statewide).

Source: CBP analysis of Current Population Survey data

Budget reflects regional variations in housing and other costs, making it possible to compare the purchasing power of wages in different regions of the state.⁴² Based on CBP’s Basic Family Budget, more than three in four Los Angeles workers (77.4 percent) do not earn enough to support a family of three – one working parent and two children – and over half (51.9 percent) do not earn enough to support a family of four – two working parents and two children (Table 17). In the rest of the state, a somewhat smaller share of workers (72.4 percent) do not earn adequate wages to support a family of three, and 41.6 percent do not earn enough to support a family of four.

CONCLUSION

One of the most intriguing questions raised by this report is why the wages for a significant fraction of the Los Angeles workforce have not kept pace with inflation in recent years, widening the wage gap between workers in Los Angeles and the rest of California. The reasons for this decline are complex and reflect changes in the county’s economy – both the shifting distribution of jobs across industries and the changing composition of the county’s workforce. While this report does not attempt to explain the origins of these trends, the findings suggest potential explanations.

In recent decades, the share of jobs in historically higher-wage durable goods manufacturing has declined, while the share in lower-wage non-durable goods production has increased. Most notably, employment in the aerospace industry fell significantly as the Cold War era came to a close. Meanwhile, jobs in the textile and apparel industries increased and now account for the largest share of the county’s manufacturing employment. The shift toward lower-wage industries helps explain much of the decline in manufacturing workers’ wages between 1989 and 2002.

Another major change in the Los Angeles economy, as well as that of the state and nation as a whole, is the

rising prominence of the service sector and the decline in manufacturing employment. While the service sector is diverse and includes both high- and low-wage jobs, the shift toward service sector employment has diminished well-paying opportunities for workers with relatively low levels of educational attainment.

As the Los Angeles economy has changed, so has the composition of the county’s workforce. The number of immigrants and Latinos in the labor force increased dramatically in the 1980s and 1990s. Since these workers tend to have relatively low levels of educational attainment, they have largely provided a low-cost workforce for the rising number of low-wage jobs.

This analysis suggests that demographic shifts and economic changes have reinforced each other over time. As one commentator writes, “[o]ver the short term, people chase jobs, but over the long term jobs chase people.”⁴⁴ This suggests that immigrant workers may have initially come to Los Angeles because of the availability of jobs, and that a burgeoning immigrant workforce has contributed to the growth of industries that rely on the availability of a low-cost workforce. Thus, over time, both the number of low-wage jobs and the workers to fill them have increased, leading to the downward pressure on wages documented in this report.

The growth in the number of low-wage jobs is a troubling trend. Low-wage jobs not only mean lower wages for Los Angeles workers, but also lower family incomes, higher poverty rates, and a lower likelihood of job-based health coverage for the families supported by these jobs. Today, as many Los Angeles workers struggle to support themselves and their families, the promise of the good life appears a distant memory. The prosperity of Los Angeles and, indeed, of California as a whole – since the county is home to more than one in four of the state’s workers – depends on the well-being of its workers and their families. New policies and ideas can help ensure that Los Angeles delivers not only the promise, but also the reality, of the American dream.

TECHNICAL NOTES

Current Population Survey Outgoing Rotation Group

Hourly wage data in this report are from each year's Current Population Survey Outgoing Rotation Group (CPS ORG) files. The CBP used the CPS ORG data to analyze the hourly wages and the educational and demographic characteristics of respondents who:

- Were between 25 and 64 years of age;
- Were employed in the public or private sector (excluding the unincorporated self-employed);
- Worked within a range of 1 to 99 hours per week, or whose hours varied; and
- Earned hourly wages between \$0.50 and \$100 per hour (in 1989 CPI-U-RS adjusted dollars).

Limiting the sample to adults between the ages of 25 and 64 allows the analysis to focus on adults in their prime earning years.

The CPS ORG files that the CBP used were supplied by the Economic Policy Institute (EPI) and include several adjustments. The EPI imputed hourly wages for individuals who did not report an hourly wage, but who reported weekly earnings or whose weekly earnings were "top-coded" (for example, weekly earnings of any amount above \$2,884.61 in 2005 were "top-coded" as \$2,884.61). The hourly wage for these individuals was calculated using weekly earnings divided by usual weekly hours. Additionally, the hours for workers who reported varying hours were imputed based on the usual hours worked of persons with similar characteristics.

In this report the CBP groups workers into four racial/ethnic groups: black, Latino, white, and Asian. Workers who report being Latino, Hispanic, or Spanish are classified as Latino irrespective of their race. The Asian category includes Pacific Islanders (including Hawaiian natives), Native Americans, Alaskan Natives, and those of multiple races. Approximately 94.5 percent of Los Angeles workers in this category are Asian and Pacific Islander (not including those reporting multiple races). This grouping is necessary because of changes in how the US Census Bureau has collected data on race.

Wage analyses for 1995 exclude households surveyed between June and August because the US Census Bureau did not make geographical information available for these households.

Since the wage data derive from a survey and only a portion of the population is surveyed, the wages cited in this report are estimates and could vary from the actual values due to sample error or other reasons. Reported historical or geographical differences in wages may not be statistically significant due to the sample size and wage distribution of the data. Differences in median wages for subpopulations (for example, for individuals of one race/ethnicity or for individuals within a sector of the economy) are generally less likely to be statistically significant. Thus, caution should be used when interpreting the data.

Employment Development Department Data

The Employment Development Department (EDD) jobs data used in this report differ in several ways from CPS ORG data. Therefore, these data sources are not directly comparable. The primary difference is that EDD data are based on the location of jobs, whereas the CPS ORG data are based on where workers live. For example, an Orange County resident who commutes to Los Angeles County would not be included in the CPS ORG wage data for Los Angeles County, but his or her job would be included in the EDD data for Los Angeles County. Second, the EDD data include the number of distinct jobs in an area even if an individual holds multiple jobs. Finally, EDD data exclude the self-employed, while CPS ORG data include self-employed persons.

US Census Bureau Integrated Public Use Microdata Series Data

The US Census Bureau Integrated Public Use Microdata Series (IPUMS) data presented in this report are derived from the 1980, 1990, and 2000 Decennial Censuses.⁴⁵ Like the CPS ORG data, IPUMS data are based on where workers live. The CBP used the IPUMS data to analyze the demographic characteristics of respondents who were between 25 and 64 years of age, worked for wages or salaries, and were not self-employed.

Franchise Tax Board Data

Personal income tax data presented in this report are derived from a sample of California taxpayers by the Franchise Tax Board (FTB). FTB data provide a more complete picture of income at the high end of the income distribution than Census data because they include income from a wider variety of sources, such as capital gains.

ENDNOTES

- ¹ In this report all data on Los Angeles refer to Los Angeles County.
- ² CBP analysis of Bureau of Labor Statistics data, downloaded from <http://www.bls.gov> on August 10, 2006.
- ³ The North American Industrial Classification System, which is the standard system used in the US to categorize sectors of the economy, identifies 12 major sectors. Sectors include, for example, manufacturing, construction, and wholesale and retail trade. The NAICS further categorizes major sectors into more detailed industries. Industries include, for example, apparel manufacturing, which is part of the manufacturing sector, and telecommunications, which is part of the information sector.
- ⁴ The term “immigrants” refers to foreign-born workers.
- ⁵ For example, Los Angeles had more than twice the share of manufacturing jobs in aerospace products and parts than the rest of the state in 1990 (16.0 percent compared to 7.3 percent). Employment Development Department data, downloaded from <http://www.labormarketinfo.edd.ca.gov/> on February 13, 2006.
- ⁶ CBP analysis of Employment Development Department data, downloaded from <http://www.labormarketinfo.edd.ca.gov/> on February 13, 2006. High-tech industries include computer and electronic product manufacturing; electronics and appliance stores; software publishers; telecommunications; Internet service providers, web search portals, and data processing; and computer systems design and related services.
- ⁷ Los Angeles lost many of its high-tech jobs during the early 1990s, a trend related to the decline of aerospace manufacturing jobs. Between 1990 and 1995, the number of high-tech jobs in Los Angeles declined by 28.2 percent, while the number of such jobs in the rest of the state increased by 6.4 percent. CBP analysis of Employment Development Department data, downloaded from <http://www.labormarketinfo.edd.ca.gov/> on February 13, 2006.
- ⁸ Employment Development Department data, downloaded from <http://www.labormarketinfo.edd.ca.gov/> on February 13, 2006.
- ⁹ Employment Development Department data, downloaded from <http://www.labormarketinfo.edd.ca.gov/> on July 29, 2006.
- ¹⁰ CBP analysis of Bureau of Labor Statistics data, downloaded from <http://www.bls.gov/> on May 12, 2006.
- ¹¹ Employment Development Department data, downloaded from <http://www.labormarketinfo.edd.ca.gov/> on February 13, 2006.
- ¹² The shift from manufacturing to service jobs is projected to continue in Los Angeles in the near future. The Employment Development Department forecasts that the number of manufacturing jobs in the county will drop by 12.0 percent between 2002 and 2012, while the number of service jobs will increase by 15.2 percent.
- ¹³ Employment Development Department data, downloaded from <http://www.labormarketinfo.edd.ca.gov/> on February 13, 2006.
- ¹⁴ At the time of publication, 2004 was the most recent year for which annual wage data were available for all major sectors.
- ¹⁵ For example, 63.9 percent of manufacturing workers, 66.8 percent of accommodation and food service workers, and 64.4 percent of other services workers had no more than a high school degree in 2005. CBP analysis of Current Population Survey data.
- ¹⁶ Millken Institute, *Los Angeles Economy Project: Executive Summary and Recommendations* (October 2005). Low-wage industries were defined as those with an average wage of under \$31,000 per year.
- ¹⁷ Ruth Milkman and Rachel E. Dwyer, *Growing Apart: The “New Economy” and Job Polarization in California, 1992-2000* (University of California Institute for Labor and Employment: 2002). Jobs were ranked by their median hourly earnings in 1992. The middle of the distribution is equal to the fourth through sixth deciles.
- ¹⁸ CBP analysis of Bureau of Labor Statistics data, downloaded from <http://www.bls.gov/> on May 12, 2006.
- ¹⁹ In 2005, the average weekly earnings of non-durable goods manufacturing workers in Los Angeles were \$507.89, compared to \$628.58 for durable goods manufacturing workers. Employment Development Department data, downloaded from <http://www.labormarketinfo.edd.ca.gov/> on March 3, 2006.
- ²⁰ Employment Development Department data, downloaded from <http://www.labormarketinfo.edd.ca.gov/> on March 3, 2006.
- ²¹ CBP analysis of Current Population Survey data. Current Population Survey wage data are not directly comparable with the Employment Development Department (EDD) jobs data presented in this report. See “Technical Notes” for more information.
- ²² In contrast, the wage of the typical manufacturing worker in the rest of California – where there has been very little shift in the share of durable and non-durable manufacturing jobs since 1990 – gained purchasing power, increasing by 2.8 percent. The classification of industries within the manufacturing sector has changed several times since 1989, making comparisons over time imperfect. The most significant change occurred in 2003 when the Current Employment Statistics survey switched from the 1987 Standard Industrial Classification System to the North American Industry Classification System. Therefore, wage comparisons are made between 1989 and 2002, the year prior to the switch to North American Industry Classification System. Wage trends for the typical manufacturing worker between 2003 and 2005 are similar to those between 1989 and 2002.
- ²³ CBP analysis of Current Population Survey data.
- ²⁴ The film industry includes a sizeable number of independent contractors who are not captured by employment data. Therefore, these employment statistics may undercount the actual number of jobs in the industry.
- ²⁵ FilmL.A., Inc., *Production Days by Quarter & Percentage Change from Previous Year*, downloaded from <http://www.eidc.com/html/data.html> on May 4, 2006. Total production days include those from feature films, television, commercials, music videos, documentaries, still photos, and student films.
- ²⁶ The term “immigrants” refers to foreign-born workers.
- ²⁷ CBP analysis of US Census Bureau Integrated Public Use Microdata Series data. Foreign-born workers include naturalized citizens.
- ²⁸ CBP analysis of US Census Bureau Integrated Public Use Microdata Series data. Between 1980 and 1990, the number of native-born white workers who were residents of Los Angeles increased by nearly 130,000. The subsequent decline in the number of native-born white workers in Los Angeles in the 1990s may be due to several factors, including worker retirement or relocation outside of Los Angeles. However, it should be noted that some workers who relocated outside of Los Angeles may have moved to surrounding counties, but continued to work in Los Angeles.
- ²⁹ For example, in 1990, nearly two-thirds of workers (65.4 percent) in aerospace manufacturing – the manufacturing industry that lost the largest number of jobs in the 1990s – were native-born whites. In contrast, 50.7 percent of all workers were native-born whites in 1990.
- ³⁰ CBP analysis of Current Population Survey data.
- ³¹ Unless otherwise specified, the data presented in the rest of the report refer to hourly earnings.
- ³² CBP analysis of Current Population Survey data.
- ³³ CBP analysis of Current Population Survey data.
- ³⁴ In 2005, 71.6 percent of Los Angeles Latino workers and 59.3 percent of Los Angeles foreign-born workers had no more than a high school degree. CBP analysis of Current Population Survey data.
- ³⁵ Changes in how the US Census Bureau has historically collected data on race require that Asians, Pacific Islanders (including Hawaiian natives), Native Americans, Alaskan Natives, and those of multiple races be grouped together to report wage data consistently across time. Among the Los Angeles workers analyzed in this report who fall into this category, 94.5 percent were Asians and Pacific Islanders (including Hawaiian natives) in 2005. A smaller proportion (89.3 percent) of workers in this category in the rest of the state were Asians and Pacific Islanders in 2005. Because of the predominance of Asians, this report refers to this category as “Asian” in the text.
- ³⁶ In this section, “workers with a high school degree” refers to workers with no more and no less than a high school degree.
- ³⁷ CBP analysis of Current Population of Survey data.
- ³⁸ This analysis defines low-income workers as those with incomes below twice the FPL; this level of income falls short of providing an adequate standard of living in California. See California Budget Project, *Working Hard, Falling Short: Investing in California’s Working Families* (January 2005). The FPL for a family of three (one adult and two children) was \$14,824 and for a family of four (two adults and two children) was \$18,660 in 2003.
- ³⁹ With the exception of families with seven or more members.
- ⁴⁰ US Census Bureau, American Community Survey data.

⁴¹ The FPL for a family of three (one adult and two children) was \$15,219 and for a family of four (two adults and two children) was \$19,157 in 2004.

⁴² See California Budget Project, *Making Ends Meet: How Much Does It Cost to Raise a Family in California?* (November 2005).

⁴³ The data presented in this box are from the CBP's analysis of Franchise Tax Board data. FTB data provide a more complete picture of income at the high end of the distribution than Census data because they include income from a wider variety of sources, such as capital gains.

⁴⁴ Roger Lowenstein, "The Immigration Equation," *The New York Times* (July 9, 2006).

⁴⁵ Steven Ruggles, et al., Integrated Public Use Microdata Series: Version 3.0 (Minnesota Population Center: 2004), downloaded from <http://www.ipums.org> on April 25, 2006.