# Preface and Acknowledgments

California entered the new century with characteristic optimism. The state was on the leading edge of the national economic boom, with a burgeoning high-tech sector that had created unprecedented prosperity, centered in the Silicon Valley. Even Southern California was booming, seemingly fully recovered from the devastating impact of the end of the Cold War on the aerospace sector in the early 1990s. North and south alike, wealthy Californians were riding the wave of the surging stock prices on Wall Street, and the state coffers bulged with large revenue surpluses. Although there were longstanding concerns about growing income inequality and about ensuring access to opportunity for the state's less educated workers, and especially for the vast population of recent immigrants, some progress was evident on these fronts too. In the late 1990s workers at the bottom of the labor market finally gained a share in the bounty of the "new economy," with real wages creeping upward after decades of stagnation. The California labor movement began to assume a leadership role in these years, with major union organizing successes among low-wage homecare workers, janitors, and others, as well as growing political influence that helped generate new policymaking and legislative initiatives designed to benefit the state's working people. Numerous localities around the state passed living-wage ordinances, and the movement for immigration reform was gaining momentum, with California labor taking a leading role.

By the end of 2001, however, the once-sparkling vision of the new economy and its promise of renewed prosperity looked seriously tarnished. The state budget had been hit with a triple whammy. First, as the law of gravity belatedly made its mark on the national stock market, the huge capital gains tax revenues that had helped fuel the surpluses of the late 1990s suddenly evaporated. The spectacular energy crisis of the spring and summer further depleted the state's resources, exposing the downside of electricity deregulation for all to see. The third blow came on September 11, 2001, when the attacks on the World Trade Center and Pentagon devastated the state's transportation and tourism industries, with a corresponding impact on the revenue stream. Even before that, the dot.com boom centered in Northern California had unceremoniously collapsed, intensifying the economic recession that had begun earlier in the year. In an extraordinarily brief period the state's budget went from large surpluses to massive deficits. Policy initiatives designed to benefit the least privileged citizens of the state now faced formidable financial obstacles, and in the aftermath of 9/11, immigration reform was also in the deep freeze. No segment of the state's population was left untouched by these events and the deep sense of uncertainty and insecurity they engendered—a sense intensified in 2002 with the spectacular wave of corporate scandals that were played out on the national stage.

It is much too early to assess the enduring effects of these rapidly moving developments, but we can begin to take stock of the longer term economic and social trends that have been unfolding in recent years and that shape the context in which the state must forge ahead. This volume, one in a series published by the University of California's new statewide Institute for Labor and Employment (ILE), is designed to help illuminate the dynamics shaping twenty-first century California. It includes both careful analyses of recent employment trends and presentations of new data collected by the ILE on the state's working people. Its overarching purpose is to inform public debate about critical issues facing the state in the labor and employment domain.

A central theme of this volume—and a major challenge for the state—is the growing polarization between rich and poor. Economic inequality has been expanding over the past few decades, and its effects are now felt in every sphere of society. This is a national phenomenon, but it takes a particularly extreme form in California, as the first chapter of this volume demonstrates. Emerging on the horizon are two Californias. One is made up of prosperous, well-educated, hard-working citizens who populate the ranks of executives, professionals, and upper level managers. They may complain of overwork, as the chapter by Fligstein and Sharone notes, but otherwise they enjoy the good life for which the state has long been famous. Socially, however, this privileged group is increasingly isolated from the larger population. At the extreme, many of its members live in exclusive, gated residential communities, send their children to private schools, and systematically avoid the public spaces where democratic participation has historically thrived.

The other California is comprised of low-wage workers, many of them foreign-born and/or people of color, who subsist on minimal incomes and are employed in menial blue-collar and service jobs. They care for the children of the wealthy, clean their homes and offices, serve their food, park their cars, and harvest their fruits and vegetables. Others do manual labor in factories or in the construction industry, increasingly without the benefits tied to unionization that in former times had lifted the occupants of such jobs into the middle class. In this other California children often attend substandard schools, live in dangerous neighborhoods, and are deprived of access to health care and other basic social services. Their opportunities for upward mobility are increasingly compromised, both by lack of access to high-quality schooling and by the ongoing polarization of the employment structure.

These trends are emergent, not yet fully formed. The middle class that was once the bulwark of the state's population has not yet disappeared. But as the research presented here suggests, it is an increasingly endangered species. In the first chapter of this volume, Rachel Dwyer and I show that relatively few of the new jobs generated during the 1990s boom were in the middle ranges of the earnings distribution. And in the next chapter, Manuel Pastor and Carol Zabin demonstrate that the traumatic economic events of 2001 largely reversed the modest gains that workers at the bottom of the distribution had made during the last few years of the boom. These developments suggest an urgent need for serious public policy interventions to address the state's growing labor market polarization.

Polarization is also a theme in part two of this volume, which includes two chapters that draw on the ILE-sponsored California Workforce Survey conducted in 2001–02. As Neil Fligstein and Ofer Sharone document, the state's postindustrial workforce is bifurcated into two largely distinct groups, with professionals and managers at one pole, and blue-collar and service workers along with lower level white-collar workers, at the other. Their analysis shows that the two groups have markedly different relationships to work. In another chapter drawing on the survey data, Margaret Weir analyzes the attitudes of Californians toward a range of public policy issues related to employment. She demonstrates that the state's population is seriously concerned about the growth of economic inequality and its consequences, and that most Californians are willing to pay higher taxes to help ameliorate the situation. At the same time Weir shows that public attitudes vary with education and income levels, once again reinforcing the portrait of two Californias that other chapters in this volume present.

Another key theme in these chapters is the growth of regional disparities within the state. California's two largest metropolitan areas, Los Angeles and the San Francisco Bay Area (including San Jose and the Silicon Valley), have moved onto divergent paths in recent years. As Milkman and Dwyer show in the opening chapter, socio-economic polarization in the 1990s was far more extreme in Southern California than in the north. Whether this trend will continue may depend on the degree to which the high-tech sector is able to revive in the aftermath of the dot.com collapse and the recession. As Pastor and Zabin document, the recession affected the high-tech Silicon Valley area more than Southern California, again suggesting that the state has developed distinctive, if interdependent, regional economies. Weir's analysis of public attitudes uncovers another type of contrast between north and south in the state; the new survey data she analyzes suggest that today, egalitarian sentiments are more prevalent in the more polarized south than in the traditionally liberal north.

Along with economic restructuring, extensive deregulation has transformed the United States as a whole, and California in particular, in recent decades. In their chapter, Limor Bar-Cohen and Deana Milam Carrillo examine the changing role of government in one critical arena for the state's workforce, namely labor law enforcement. Through an analysis of two key divisions of California's Department of Industrial Relations, they document a long-term decline in funding for labor law enforcement over the 1980s and 1990s, and go on to discuss the effects of that funding decline on the agencies' staffing and enforcement efforts.

One of the few organized groupings that stand as a countervailing force to the trends perpetuating growing inequality is the labor movement. As Fligstein and Sharone note in their chapter, the state's union members have been insulated from some of the worst effects of labor market polarization. Not only do union members enjoy higher wages than others with comparable jobs, but they are also much more likely than their nonunion counterparts to have health insurance, pensions, and other fringe benefits, as well as greater job security. The unionized sector of the workforce therefore demands attention, notwithstanding the sharp decline in union density over recent decades. In the final chapter of this volume Daniel J.B. Mitchell reviews recent developments in labor relations in the state, providing both a portrait of union coverage and an analysis of significant trends in those sectors and industries governed by collective bargaining.

This volume, then, ranges over a variety of critical developments affecting labor and employment in California, highlighting the increasing polarization of the state between wealth and poverty, as well as the growth of regional differences and the current state of labor law enforcement and labor relations. We hope that the research presented here will inform policy debates and advance public awareness and discussion of these issues, both in California and elsewhere in the nation. Future editions of *The State of California Labor* will not only build on the research and analysis presented here but also explore additional topics not covered in this year's volume.

Many people worked very hard to produce this publication. Heartfelt thanks to Gary Blasi, Alyssa Hughes, Margaret Leal-Sotelo, Hien McKnight, James Robbins, and Neal Sacharow at UCLA; to Clark Kerr, Tom Piazza and Elizabeth Camacho del Rocio at UC Berkeley; to Rebecca Simon and Susanna Tadlock at the Journals Division of UC Press and their subcontractors Sandy Drooker, David Peattie, and Judy Waller; and especially to Wendy Campbell, who not only was an exemplary manuscript editor but also offered extensive advice on many other aspects of the project.

*Ruth Milkman*
For the Editors

# Growing Apart

## THE "NEW ECONOMY" AND JOB POLARIZATION IN CALIFORNIA, 1992–2000

RUTH MILKMAN
and RACHEL E. DWYER

The rapid growth of economic inequality in California (and in the nation as a whole) during recent decades is a well-established fact. Yet there is ongoing controversy about the causes of this trend and about the forces perpetuating it. Building on the work of Wright and Dwyer (2000–01; 2002), this chapter uses an innovative approach to investigate one especially salient dimension of the new inequality: the transformation of the labor market. Our analysis of the quality of jobs generated in California during the long economic expansion from 1992 to 2000 demonstrates that the state's labor market has become increasingly polarized between "good" and "bad" jobs (defined using a measure of job quality based on hourly earnings), with less job growth in the middle. Based on a comparison between this pattern of job growth and that during another lengthy economic expansion three decades earlier—when new jobs were distributed much more evenly across the job-quality spectrum—we argue that the polarization of the 1990s is central to the recent growth in economic inequality.[1]

Market economies are dynamic, constantly generating new jobs and destroying old ones. Because our analysis focuses on the characteristics of the jobs that were created during the expansion (rather than all existing jobs), it offers an especially revealing glimpse into the likely shape of the future economy. The fact that the types of jobs generated during the 1990s expansion were distributed so differently from those generated in the 1960s, moreover, suggests that the polarization pattern is something new and historically significant. Among the many possible causes of the shift are deindustrialization, deunionization, and deregulation, all of which have radically reshaped the economic landscape over recent decades.

Many commentators have praised the "new economy," built around technology-intensive industries and sectors, as the engine generating large numbers of desirable jobs and improved living standards. Others, in contrast, have pointed to the recent proliferation of low-wage service jobs with limited or no job security or

1. Many thanks to Erik Olin Wright for the inspiration provided by his work on this topic and for his generous cooperation in our effort to tailor the approach he helped develop to the case of California. We also are grateful to Erik, Chris Erickson, and Richard Freeman for helpful comments on an earlier draft.

fringe benefits as an indicator that many working people are not sharing in the wealth generated by the new economy. Our analysis suggests that there is some truth in each of these perspectives, but that both are flawed, partial views. A broader perspective suggests that job growth in California during the final years of the twentieth century had a bipolar character—a pattern that marks a radical departure from the past.

The distribution of the growth in good and bad jobs also varies in its impact on key population groups. Our analysis of California shows that some groups—most notably Latino immigrants—are disproportionately concentrated at the bottom of the job quality spectrum, while others—especially native-born Anglos—are overrepresented at the top. The new inequality, like its older analogues, is deeply intertwined with gender, racial, and ethnic divisions, as well as with the division between immigrants and natives. Yet there is growing job polarization *within* each major population group as well, to a far greater extent than in the past.

Our analysis also uncovers striking variations in the distribution of job growth among geographic regions. Not only is polarization substantially more pronounced in California than in the United States as a whole, but an even sharper contrast exists between the state's two largest metropolitan areas, greater Los Angeles and the San Francisco Bay Area (including San Jose). In the Los Angeles area the 1990s brought an extreme form of polarization; but in the San Francisco Bay Area the same years spawned a strikingly different form of growth, heavily weighted toward "good" jobs. The contrast between these two metropolitan areas suggests that the "new economy" may be a geographically bounded entity, highly concentrated in particular industries and sectors, yet dependent on an entirely different set of economic activities located elsewhere. Another aspect of this regional contrast lies in immigration flows, with a much greater concentration of Latino immigrants with limited education in the Los Angeles labor market than in the Bay Area. It is not surprising that these particular workers are clustered at the bottom of the labor market in both areas. Nevertheless, we argue that their greater presence in the Southland is more a consequence than a cause of the distinct structure of labor demand in the two regions.

The measure of job quality we use here is earnings-based, but our methodology differs from those used in conventional analyses of income inequality. As explained in detail below, we rely on a technique first used by Joseph Stiglitz (U.S. Council of Economic Advisors 1996) and refined by Wright and Dwyer (2000–01) that is based on analysis of median earnings across an occupation-by-industry matrix, using data from the U.S. Current Population Survey (CPS).

The chapter proceeds as follows. We begin with a brief discussion of previous research documenting the recent growth of income inequality in California, a major component of which is the growth of earnings inequality. Next, we lay out our methodology and the rationale for our focus on the jobs generated during periods of economic expansion, differentiating this approach from others and describing its advantages. We then present our results, in a series of comparisons:

- between job-quality patterns in California and those in the United States as a whole during the 1992–2000 expansion;
- between the distribution of jobs generated during the expansion of the 1990s and that of jobs generated during the 1960s expansion, in California and the United States;
- among the distributions of jobs generated during the 1990s for key population groups, specifically by gender, race, ethnicity, and nativity; and
- between the distribution of new jobs generated during the 1990s in the Los Angeles area and that of new jobs in the San Francisco Bay Area.

Finally, in the concluding section we discuss the wider implications of the analysis, with particular attention to the potential impact of job polarization on future economic opportunities for California's workers generally and for key population groups.

## INCOME AND EARNINGS INEQUALITY IN CALIFORNIA: RECENT TRENDS

In recent decades income inequality has increased in California more than in the rest of the nation.[2] The basic pattern is one of rising incomes at the top, stagnation in the middle, and decline at the bottom. Bernstein et al. (2002), for example, found that among the poorest fifth of families in California, average real (before-tax) income fell 5.5 percent between the late 1970s and the late 1990s. In contrast, the richest fifth of California families saw their average real income increase by a dramatic 37.4 percent over that period, while the average real income of the top 5 percent of families in the state increased even more, by 50.4 percent. The ratio between the average income of the top 5 percent and the average for the bottom 20 percent grew apace, from 11.2 in the late 1970s to 17.7 in the late 1990s. The gap between the top and the middle of the income distribution also increased in California in this period: the ratio between the average real income of the top 5 percent of families and that of the middle 20 percent grew from 3.5 in the late 1970s to 4.9 in the late 1990s.

Again, although income inequality has grown nearly everywhere in the United States in recent decades, it is more extreme and has grown more in California than

2. Studies produced by the Public Policy Institute of California (PPIC) (Reed, Haber, and Mameesh 1996; Reed 1999) and by the Economic Policy Institute (EPI) and the Center on Budget and Policy Priorities (CBPP) (Bernstein et al. 2002; Mishel, Bernstein, and Schmitt 2001) have examined the case of California in some detail, either in its own right or as part of an analysis of state-by-state variations in the nature and extent of income inequality. These analyses all rely on the March annual demographic supplement to the U.S. Current Population Survey (CPS), which collects annual income data. The PPIC studies track income annually since 1969; the EPI and CBPP analyses compare income during three periods: the late 1970s, the late 1980s, and the late 1990s.

in most other states. California ranks among the top five states both in the absolute level of income inequality in the late 1990s and in the extent of growth in income inequality since the late 1970s (Bernstein et al. 2002: xiv). What is especially striking in California is the absolute decline in real income among the poorest families, something that occurred in only five other states.[3]

If California has fared worse in this respect than the nation as a whole, within the state the Los Angeles metropolitan area has fared the worst. The share of Los Angeles area workers earning poverty-level wages at the end of the 1990s was nearly double that of the San Francisco Bay Area (34 percent versus 18 percent). And whereas the share of poverty-level workers declined in the Bay Area in the late 1990s, it increased in the L.A. area over those years (Ross 2000: 9–10). Similarly, by the end of the 1990s the level of income inequality was far higher in southern than northern California. In the L.A. area the ratio of the average income of the top 20 percent of workers to that of the bottom 20 percent was 25:1, whereas in the Bay Area the equivalent ratio was just over half that level, or 13:1.[4]

Reed, Haber, and Mameesh (1996) and Reed (1999) provide an analysis of income inequality in California that takes into account many different forms of income, including wages and salaries, pensions and annuities, dividends and other investment income, profits from businesses or farms, and so on. They point out, however, that for the majority of families, earnings (wages and salaries) are the primary source of income, and indeed growth in earnings inequality is the major driver of the growth in income inequality.[5] Earnings inequality is also of special interest because it is directly related to changes in the employment structure.

Earnings have long varied by gender, race, ethnicity, and nativity. As Reed (1999) has demonstrated, recent trends in annual earnings inequality among men are generally similar to those in family income inequality in California, with decline at the low end, stagnation in the middle, and large increases at the top between the late 1970s and the late 1990s. Hourly earnings among men show the same trend of decline at the bottom, but with slower growth at the top, suggesting that the rise in male annual earnings among high earners is at least in part a result of an increase in hours worked.

Trends in women's earnings differ in some respects from those of men. Women have enjoyed improvements in real earnings at all levels (in part because of large increases in their hours worked), as well as a modest narrowing of gender disparities in

3. The other states were Wyoming, Arizona, New York, New Mexico, and West Virginia.

4. We computed these ratios from unpublished figures generously provided to us by Bethney Gunderson of EPI, derived from the March Supplement to the CPS, using pooled data for 1998–2000.

5. Rising returns on investment and increased wealth among the most affluent Americans also contribute to the rising income level at the top of the income distribution, although data on nonwage forms of income among the wealthy are limited, making it difficult to estimate the magnitude of this effect. As a result, most analyses understate income among the wealthiest families; in other words, income inequality is even wider than these analyses show (Bernstein et al. 2000; see also Keister 2000 for an analysis of rising wealth inequality).

pay over recent decades. Female hourly earnings have changed less than female annual earnings, although both measures show rising inequality *among women,* which is now at an unprecedented level. Patterns of female earnings inequality are similar in California to those in the rest of the nation, with one important exception: The earnings of female workers at the bottom of the distribution have declined in California since the late 1980s, whereas in the United States as a whole, female earnings at the bottom were stagnant but did not decline during those years.

One might expect that the growth of female employment and the modest decline in the gender gap in pay over the past couple of decades would have helped to moderate the growth of overall income inequality. But the increase in female labor force participation has instead aggravated the problem of income inequality among families, since those at the upper end of the income distribution are more likely than in the past to include two workers with high earnings, while those near the bottom are likely to have two workers with low earnings (Bernstein et al. 2002; Reed 1999). In addition, increased labor force participation among women has not been sufficient to offset the impact of declining real wages among men in middle- and low-income two-earner households (Bernhardt, Morris, and Handcock 1995).

Persistent racial and ethnic inequality has contributed to the overall growth in income inequality as well. As Pastor and Zabin (this volume) show, the median household incomes of all major ethnic groups in the state improved in the second half of the 1990s; but the longstanding pattern of higher incomes among Anglos and Asians, and lower incomes among African Americans and Latinos, has continued to prevail. Over the past 20 years, moreover, hourly earnings data for individual workers indicate that earnings inequality has increased among racial and ethnic groups. Although the real hourly earnings of California's African American workers have increased slightly since the late 1970s, the gap between their median hourly earnings and those of Anglo workers in the state grew from 1.16 in 1979–81 to 1.25 in 1999–2001. The gap between Anglo and Latino median hourly earnings in California grew even more over that period, from 1.40 to 1.73, as real hourly earnings for Latinos fell.[6] At the same time, inequality *within* the state's African American and Latino populations grew over this period. The ratio of hourly earnings between college-educated African Americans and African American high school graduates in California grew from 1.36 to 1.84 between 1979 and 2001; for Latinos the trend was similar, with the ratio growing from 1.48 to 1.83.[7]

These patterns of income and earnings inequality by gender, race, and ethnicity in California are not dramatically different from those in the United States as a whole.

6. We computed these ratios from unpublished data provided to us by Bethney Gunderson of EPI. The data are derived from the CPS, using pooled data sets for 1979–81 and 1999–2001. We computed the ratios here from the data on median hourly earnings among non-Latino Anglos, non-Latino African Americans, and Latinos. Since the CPS did not include a question about place of birth until 1994, it is not possible to compare immigrants and natives for this period.
7. For Anglos this within-group inequality grew even faster, with the ratio rising from 1.48 to 1.92. Similar changes occurred on a national scale, with the ratios nearly identical to those for

But as overall economic inequality has increased more in California than in the rest of the country in recent decades, there is a larger population at the bottom of the income distribution, and within that population female, African American, and Latino wage earners are overrepresented. Gender, race, and ethnicity are also highly salient in our analysis of growth in good and bad jobs, to which we now turn.

## METHODS AND DATA

Our analysis draws on Wright and Dwyer's adaptation of a method used by economist Joseph Stiglitz in a report he wrote as chair of the Council of Economic Advisors during the Clinton administration (U.S. Council of Economic Advisors 1996). Stiglitz was interested in learning how many of the new jobs being created during the 1990s expansion were "good" jobs. Using CPS data, he began by defining a detailed occupation-by-industry matrix. Specifically, he used the standard 45-category occupation and 22-category industry classifications, creating 990 potential cells in the matrix, each of which represented a "job." Stiglitz then eliminated those cells with fewer than 10 respondents, which left about 250 jobs. Those jobs accounted for 95 percent of all full-time workers in the country. Stiglitz then computed the change in the number of people in each occupation-industry cell between 1994 and 1996 and found that almost 70 percent of the net expansion was in "good" jobs, defined as jobs with median weekly earnings (for full-time employees) above that of the median cell in the matrix.

Wright and Dwyer (2000–01; 2002) extended and refined Stiglitz's method in several ways. For one thing, they studied the entire 1992–2000 expansion, whereas Stiglitz looked at only the 1994–96 period. In addition, they analyzed the full distribution of jobs, whereas he looked at only the proportion of new jobs that had earnings above the median. Wright and Dwyer also added an historical dimension to the analysis, comparing the job-growth pattern of the 1990s to that for a similar period of economic expansion during the 1960s. Finally, they added demographic and sectoral analyses of job growth, examining the distribution of newly generated jobs among specific groups of workers and sectors of the economy.

Both Stiglitz and Wright and Dwyer define job quality in terms of earnings. Of course, this is only one dimension of job quality (ideally one would want a more comprehensive operationalization that took account of working conditions, job security, and so forth), but it is the one consistently available measure of job quality in the CPS. Moreover, even if earnings is only a rough proxy for overall job quality, it is important in its own right for purposes of analyzing the new economic inequality.

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California. The only exception was that in 1979 the ratio for African Americans was lower in California than in the United States (1.36 versus 1.48), although by 2001 the state and national ratios for African Americans were identical. We computed the ratios from unpublished CPS data provided by Bethney Gunderson of EPI.

We applied Wright and Dwyer's method to the case of California and its two largest metropolitan areas. For the 1990s we used 45 occupation categories and 23 industry categories, yielding a matrix of 1,035 possible jobs.[8] The 1960s data are more limited, and so our matrix for that period is smaller, with 30 occupational and 22 industry categories, yielding 660 possible jobs. We calculated median hourly earnings for each job cell in the two economic expansions. (We did so separately for each expansion because the occupation and industry codes have changed over time.)

Next, we rank-ordered the jobs from the lowest to the highest median hourly earnings and then divided them into 10 groups, each of which contains approximately 10 percent of all full-time employees in the first year of the expansion. (The cells are not exactly equal in size because the number of people employed in each job cell varies, and the cells cannot be split up to force a decile to be exactly 10 percent.) In other words, the lowest job-quality decile contains the roughly 10 percent of all full-time employees who held jobs with the lowest median earnings in 1992; the highest job-quality decile contains the roughly 10 percent of all full-time employees who held jobs with the highest median earnings in 1992; and so on.[9] These "job-quality deciles" are the building blocks of the rest of our analysis. The Appendix lists the six largest jobs in each decile and some of their key characteristics.

We calculated the net change in the number of jobs in each of the job-quality deciles from the beginning to the end of each expansion. The results indicate the rel-

8. Like Wright and Dwyer, we used the CPS annual outgoing rotation group (ORG) files for 1983–2000 and the CPS March annual demographic supplement before 1983. Although 1962 is the earliest year with March files available as micro data, because of problems in data quality for the early years, we begin the analysis of the 1960s expansion in 1963. Our analysis therefore omits the first two years of the expansion, 1961 and 1962. We also restricted the sample to full-time employees ages 18–64. Because the CPS ORG files compute earnings differently for employees and the self-employed, we also excluded the self-employed. Another modification we made was to disaggregate one of the 22 industries used in Stiglitz' matrix, "business and repair services," into "business services" and "automotive and repair services." Finally, since the 1960s CPS was based on a smaller sample size than the 1990s CPS, the 1960s data should be interpreted with caution, particularly for California. However, after estimating results using several alternative parameters, we are confident that the general patterns described in the text are valid.

9. We calculated the median earnings for all cells that had any people in them. Cells with small numbers of people in them thus have less valid median earnings estimates because of the very small sample size. The small cells have very little impact on the overall patterns, however, because in the end the large cells swamp the small cells in the analysis. Like Wright and Dwyer, we did not drop small cells, because any cut-off point we chose would be arbitrary, and because they make very little difference. Further, although the median earnings of small cells vary more than those of large cells do, the variation is not large enough to affect our analysis, because the decile ranking of the small cells remains unchanged. For example, if we compare the median earnings of cells calculated using only the first year of an expansion to the earnings calculated using only the last year, the earnings of the small cells will vary more between the two years than will the earnings of large cells. They will not vary enough, however, to change the decile rankings of the small cells in either year. In other words, even the variation in median earnings for small cells is within the parameters of variation in a single decile.

ative growth of good, bad, and middling jobs. Note that this approach measures *net* change, taking into account both job destruction and job creation. We deployed this technique to analyze trends in California, as well as to compare the state to the nation as a whole, during the economic expansions of both the 1990s and the 1960s. For the 1990s we also analyzed the distribution of job growth among key demographic groups and in the state's two largest metropolitan areas.[10]

This approach is distinctive in several ways. First, it focuses directly on changes in the employment structure and changing patterns of opportunity within that structure. Unlike conventional analyses of income inequality like those cited above, this method focuses on the characteristics of jobs rather than the characteristics of individuals. Studying the earnings attached to specific jobs in specific occupational and industrial contexts offers a better basis for understanding the structure of employment opportunity than does limiting the analysis to an aggregation of individual earnings.

Second, this method analyzes job expansion, directing attention to the leading edge of change in the employment structure. Unlike employment projections like those used in Ross and Rothstein's (2000) analysis of job prospects in California, our analysis of job growth during periods of economic expansion does not rely on estimates of future growth, but instead identifies jobs in which expanded opportunities have already emerged.

Finally, our definition of a job as a cell in an occupation-by-industry matrix allows us to capture industrial change as well as occupational change. Since industrial change is at least as important as (and in some respects determinative of) occupational change, this approach offers particularly helpful insights into the dynamics underlying the changing structure of economic opportunity.

## PATTERNS OF JOB GROWTH IN CALIFORNIA AND THE UNITED STATES

Our analysis primarily focuses on net job growth during the 1990s economic expansion. Figures 1.1 and 1.2 show the net contribution of each of the 10 job-quality

10. Our analysis of the Los Angeles and San Francisco–San Jose metropolitan areas uses the job-quality deciles calculated for the whole state of California. In the analysis for the United States as a whole, however, we calculated the job-quality deciles using data for the entire nation. (We did a separate analysis, not shown here, using U.S.-based deciles for California. The results of that analysis are generally similar to those shown in the text. The main difference is that the U.S.-based deciles yield a more polarized distribution for California, with more growth at the top and still greater growth at the bottom. The basic patterns for subgroups are the same.) The comparison between the United States and California shown here thus takes into account compositional differences in the employment structures of the nation versus the state. The analyses of demographic subgroups presented below use the same job-quality deciles as those constructed for the United States or California; they are not re-normed within each demographic group. The sample sizes for the demographic subgroups in the two metropolitan areas are relatively small, so that

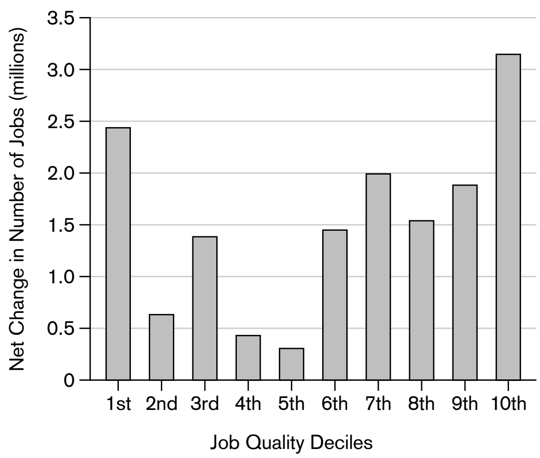


FIGURE 1.1 U.S. Job Growth by Job Quality Decile, Full-Time Workers Ages 18–64, 1992–2000

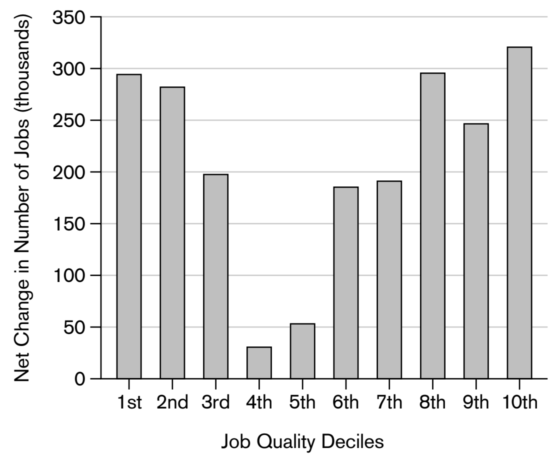


FIGURE 1.2 California Job Growth by Job Quality Decile, Full-Time Workers Ages 18–64, 1992–2000

deciles to the economic expansion of the 1990s, for all full-time workers in the United States and California, respectively. Here we see stark evidence of growing polarization in the nation and especially in the state. If job growth had been distributed evenly across the hierarchy of jobs, the bars shown in the figures would all be equal in height. Instead, in both cases what occurred was a great deal of growth in the upper deciles, minimal growth in the middle (especially the fourth and fifth deciles), and extensive growth at the bottom of the labor market. The pattern for California is somewhat different from that for the United States as a whole, with more job growth in all three of the lower deciles and less concentration of growth in the highest decile (but with greater growth in the eighth and ninth deciles).

These two figures offer strong evidence to support the optimistic claims about the new economy's capacity to generate large numbers of high-quality jobs: The top five deciles had more job growth than the bottom five (although in California the difference between the top and bottom halves of the distribution was smaller). This suggests that more "good" than "bad" jobs were created during this period of sustained economic expansion.

Yet the perspective of those commentators who emphasize the proliferation of undesirable, low-wage jobs also finds support here, for the three bottommost deciles grew a great deal. This is particularly striking in the case of California, where the expansion of low-end jobs was far greater than in the United States as a whole.

The overall pattern is unmistakably one of polarization between good and bad jobs, with a notable gap in the middle. For the United States as a whole, the distribution is arguably J-shaped, but for California the polarization takes a classic U-

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these findings should be interpreted with caution, especially for the San Francisco Bay Area. However, we are confident that the general patterns described in the text are valid.

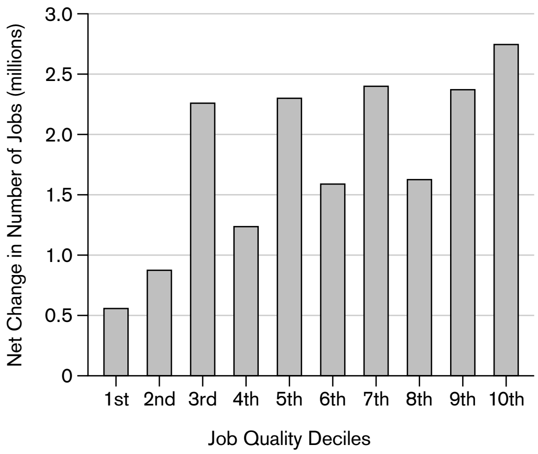


FIGURE 1.3 U.S. Job Growth by Job Quality Decile, Full-Time Workers Ages 18–64, 1963–70.

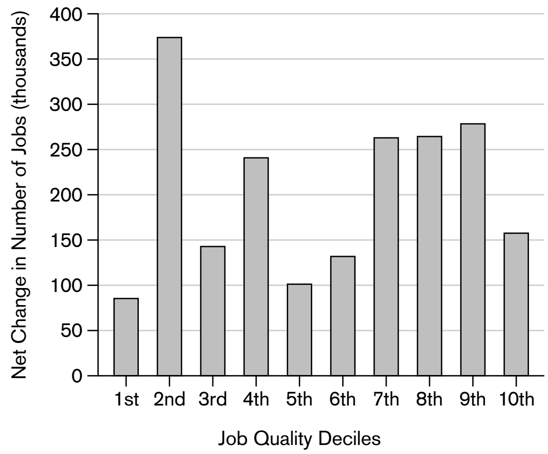


FIGURE 1.4 California Job Growth by Job Quality Decile, Full-Time Workers Ages 18–64, 1963–70.

shape. If one were to rotate the shape of the distribution shown in Figure 1.2 by 90 degrees and center the bars, the result would closely resemble the much-discussed "hourglass economy." Recall that Figure 1.2 is not a representation of the *current* distribution of jobs, but rather of net job growth across the deciles between 1992 and 2000. Yet the fact that the newly generated jobs shown here are so sharply polarized is an alarming portent of the likely shape of the future employment structure.

Examined in historical perspective, the significance of the polarization pattern generated by the 1992–2000 economic expansion is even more apparent. Comparing the results for the 1990s to those for the 1960s economic expansion sharply exposes the ways in which the new economy differs from the old. Figures 1.3 and 1.4 show the pattern of job growth in the United States and California, respectively, during the 1963–70 expansion.[11] The nation as a whole, as Figure 1.3 shows, witnessed strong employment growth in all 10 job-quality deciles during the 1960s, with the exception of the two at the bottom of the distribution. California (Figure 1.4) had a great deal of job growth in the second lowest decile during the 1960s and less growth at the high end. But in California, as in the country as a whole, job growth was far more evenly distributed in the 1960s than in the 1990s (compare with Figures 1.1 and 1.2).

These patterns do not change significantly if we consider two potentially confounding factors. One possibility is that omitting part-time jobs from the analysis overstates the benefits of the new economy, if there were a large concentration of part-time jobs in the lowest deciles. In fact, however, as Figures 1.5 and 1.6 show, in both California and the United States, respectively, the growth in part-time jobs was

11. See note 8 above regarding the data for the 1960s, which are for 1963–70 and do not include the first two years of the economic expansion.

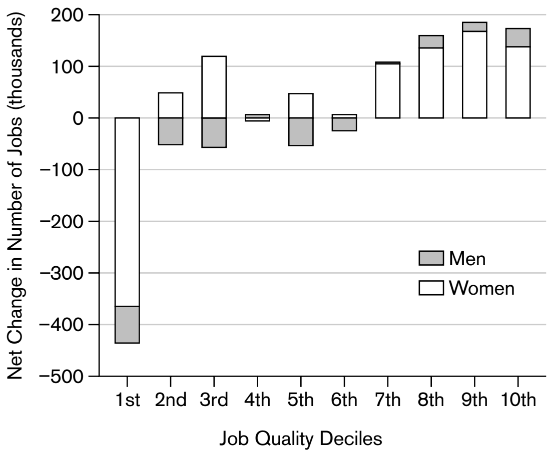


FIGURE 1.5 U.S. Job Growth by Job Quality Decile, Part-Time Workers Ages 18–64 Stacked by Gender, 1992–2000

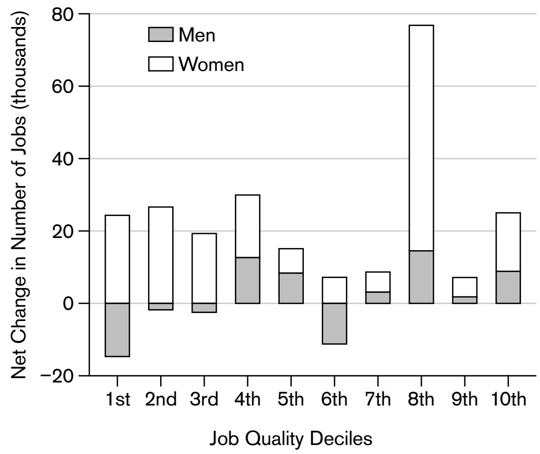


FIGURE 1.6 California Job Growth by Job Quality Decile, Part-Time Workers Ages 18–64 Stacked by Gender, 1992–2000

more concentrated in the upper deciles. This was especially so for the nation overall, where, as Figure 1.5 shows, there was a dramatic net loss in part-time jobs in the bottom decile. The situation was somewhat different in California, but even there, growth in part-time work was greater in the upper half of the distribution.[12] Most of the growth these Figures depict for part-time work was among women, in both California and the nation.

A second possibility, which could distort the overall picture in the opposite direction, is that by including all age groups in the analysis, we overstate growth at the low end of the job-quality spectrum, where the youngest workers (as well as some older workers) may be highly concentrated. If the "bad" jobs generated at the bottom end were largely part of a separate, youth labor market, the policy implications would be somewhat different than if "prime-aged" (30 to 55) workers held these jobs. But as Figures 1.7 and 1.8 show, when we limit the analysis to full-time, prime-aged workers, the basic pattern for the 1990s, for both the state and the nation, is fundamentally similar in shape to that shown in Figures 1.1 and 1.2.

This is less true for California than for the United States, as a comparison of Figures 1.2 and 1.8 suggests. Job polarization is indeed sharper when all age groups are included. But, as Figure 1.9 shows, young workers were even more sharply polarized than their elders were between the very bottom and the upper reaches of the job structure. It is interesting that the group over 55 years old showed the least polarized

12. The spike in the eighth decile in Figure 1.6 is mostly due to rapid growth in two jobs: "teachers except college and universities" in the "educational services" industry, and "health treating and assessment" in the "other medical services" industry. Like part-time work generally, these expanding jobs overwhelmingly employed women workers.

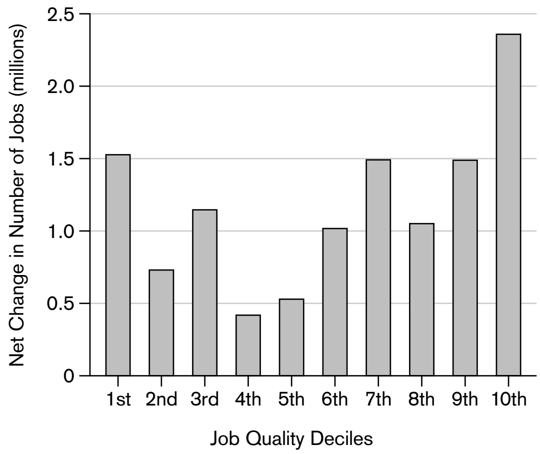


FIGURE 1.7 U.S. Job Growth by Job Quality Decile, Full-Time Workers Ages 30–55, 1992–2000.

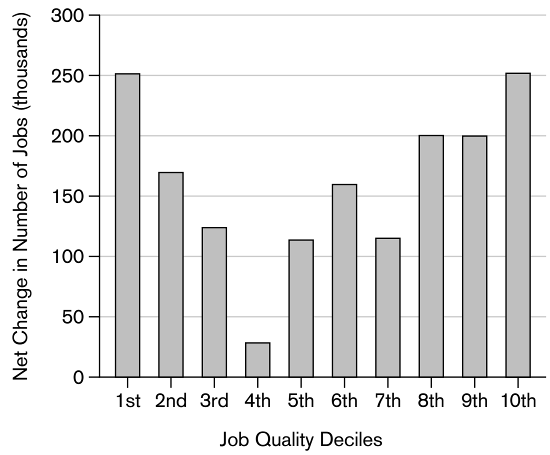


FIGURE 1.8 California Job Growth by Job Quality Decile, Full-Time Workers Ages 30–55, 1992–2000.

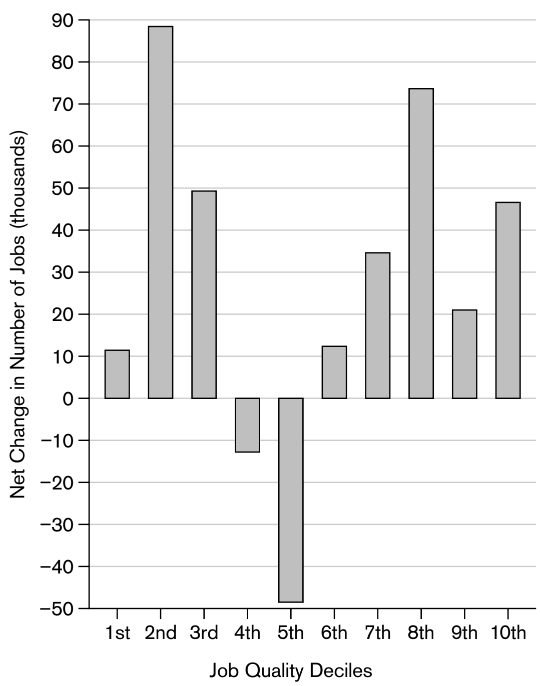


FIGURE 1.9 California Job Growth by Job Quality Decile, Full-Time Workers Ages 18–29, 1992–2000.

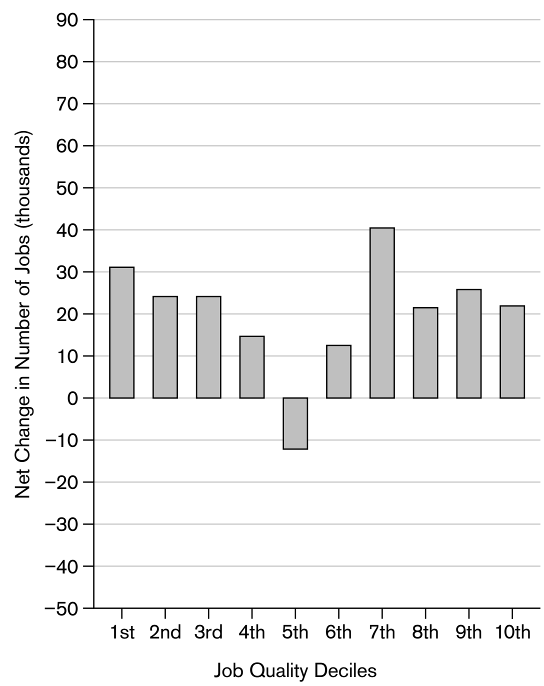


FIGURE 1.10 California Job Growth by Job Quality Decile, Full-Time Workers Ages 56–64, 1992–2000.

pattern of the three age groups, as Figure 1.10 reveals. This striking age cohort effect suggests once again that substantial changes in labor market opportunities have occurred over just one or two generations.

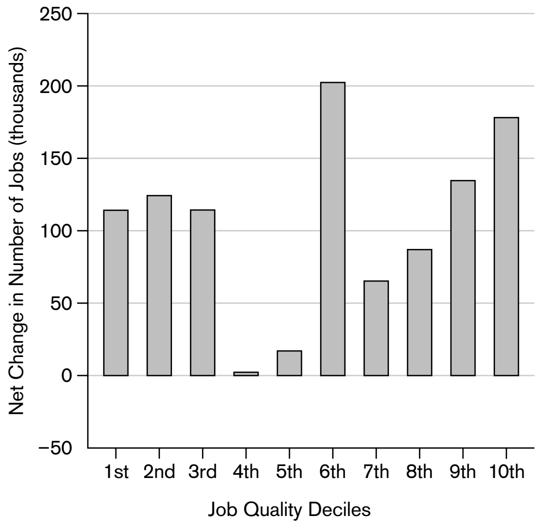


FIGURE 1.11 California Job Growth by Job Quality Decile, Full-Time Male Workers, 1992–2000.

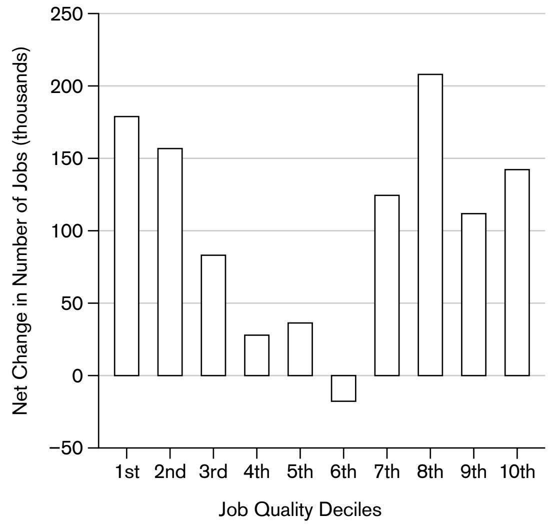


FIGURE 1.12 California Job Growth by Job Quality Decile, Full-Time Female Workers, 1992–2000.

## PATTERNS OF JOB GROWTH AMONG KEY POPULATION GROUPS IN CALIFORNIA, 1992–2000

The job polarization pattern discussed above becomes more complex once we examine the way in which job growth was distributed among key demographic groups. Both the 1990s and earlier cycles of economic expansion involved important variations in the distribution of winners and losers by gender, race, ethnicity, and nativity. In the 1990s there was some polarization *within* virtually all subgroups, but the most striking result is that native-born Anglos enjoyed the fruits of the new economy to a far greater extent than all other groups. By contrast, job growth among Latinos, especially foreign-born Latinos, was far more heavily concentrated at the bottom of the job-quality distribution during the 1990s.[13]

Gender was another important dimension of variation. As Figures 1.11 and 1.12 show, the distribution of job growth in California during the 1990s had a polarized character for both men and women. Given the persistence of job segregation by gender, it is not surprising that the specific distributions by decile are far from identical. But there were substantial numbers of women at the upper end of the distribution, and on the whole men fared only slightly better than women did.

This gender pattern contrasts markedly with that of the 1960s. As Figures 1.13 and 1.14 show, at that time job growth among women was heavily concentrated in the

13. Here and throughout the text, we use the term "Latinos" for what the CPS calls "Spanish ethnicity"; "Anglos" for what the CPS calls "non-Hispanic whites"; "African Americans" for what the CPS calls "blacks," and "Asians" refers for what the CPS calls "Asians and Pacific Islanders."

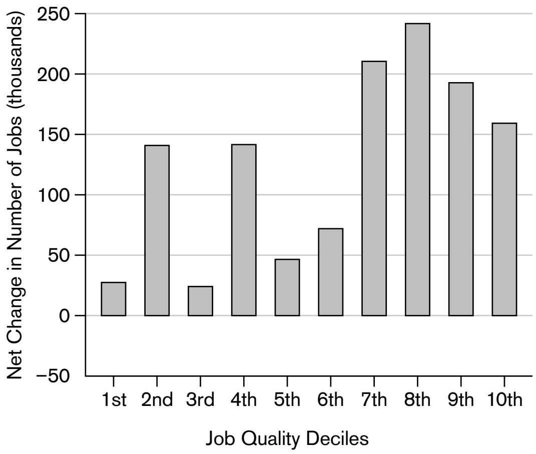


FIGURE 1.13 California Job Growth by Job Quality Decile, Full-Time Male Workers, 1963–70.

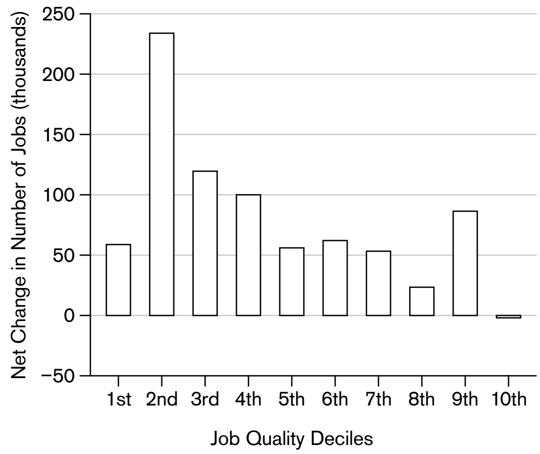


FIGURE 1.14 California Job Growth by Job Quality Decile, Full-Time Female Workers, 1963–70.

bottommost deciles, whereas among men it was markedly skewed toward the upper deciles.

In the 1960s gender differences in job growth were more salient than race and ethnic differences were, but in the 1990s just the opposite was true. As Figures 1.15 and 1.16 show, among both male and female Anglos employed full-time in California, job growth in the 1990s was overwhelmingly concentrated in the top deciles of the distribution, with substantial net job losses in the middle of the distribution and very modest growth (among women only) at the low end. Latino workers—both men and women—were at the other extreme (Figures 1.17 and 1.18), with growth concentrated in the lower half of the distribution, apart from the significant upward spike among men in the sixth decile.[14]

Among African Americans (Figures 1.19 and 1.20) the pattern in the 1990s was again distinctive, with job growth relatively evenly distributed across the quality spectrum, especially among women. The growth in the upper deciles reflected the emergence of a sizable African American middle class. In absolute terms, we might observe, job growth in the upper deciles was actually greater among Latinos than

14. The largest job in this decile is that of construction trades in the construction industry. This particular job is itself internally polarized between relatively low-wage, nonunion, residential construction jobs and highly paid, unionized, commercial construction jobs. Although the CPS does not disaggregate the industry in this way (and thus our analysis here cannot do so either), qualitative evidence suggests that Latinos are far more highly concentrated in the low-wage, nonunion side of the industry (see Milkman and Wong 2000). The large spike in the sixth decile in Figure 1.17 is somewhat misleading in this regard, because if nonunion residential construction jobs were separable from commercial construction jobs, median hourly earnings in the former would likely fall several deciles lower in the job-quality distribution. This is an artifact, then, of our methodology for one of the largest jobs in the entire analysis.

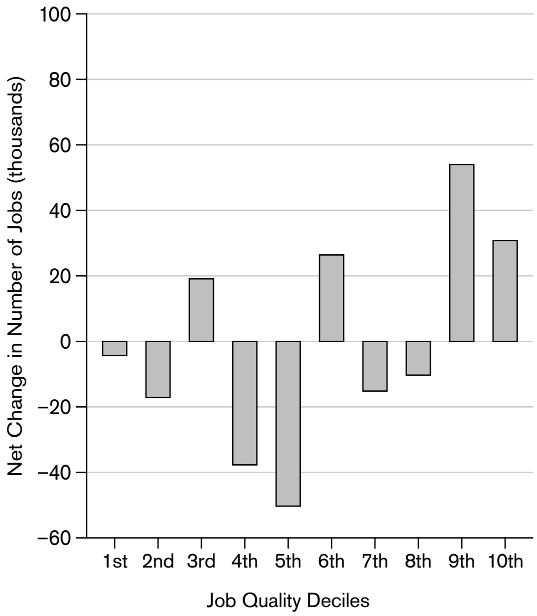


FIGURE 1.15 California Job Growth by Job Quality Decile, Full-Time Anglo Male Workers, 1992–2000.

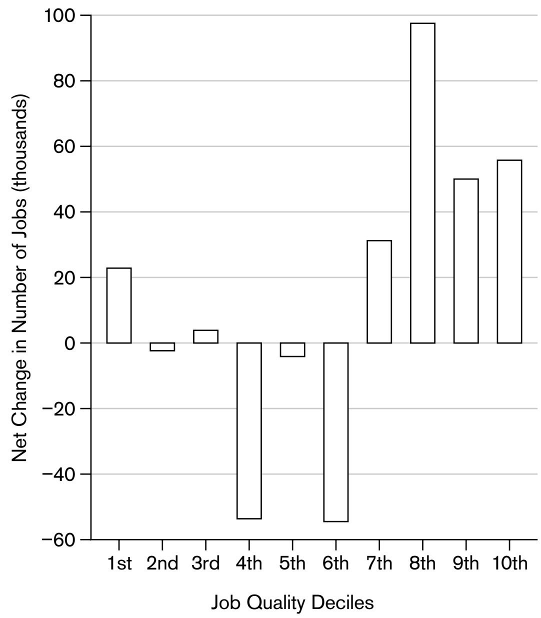


FIGURE 1.16 California Job Growth by Job Quality Decile, Full-Time Anglo Female Workers, 1992–2000.

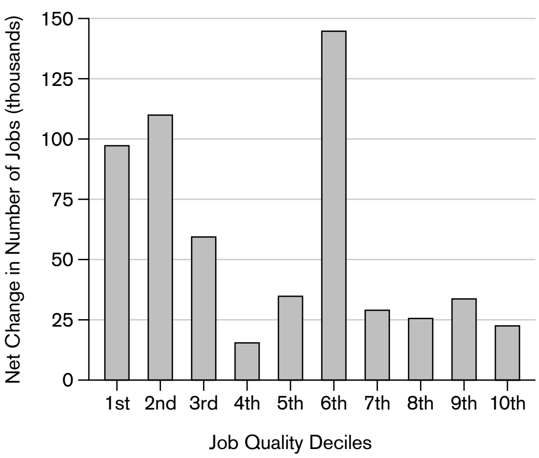


FIGURE 1.17 California Job Growth by Job Quality Decile, Full-Time Latino Male Workers, 1992–2000.

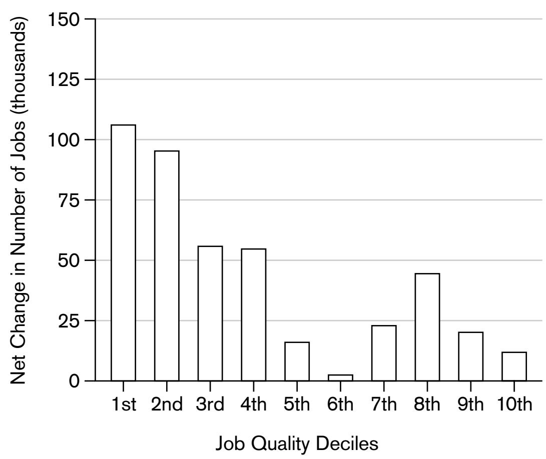


FIGURE 1.18 California Job Growth by Job Quality Decile, Full-Time Latino Female Workers, 1992–2000.

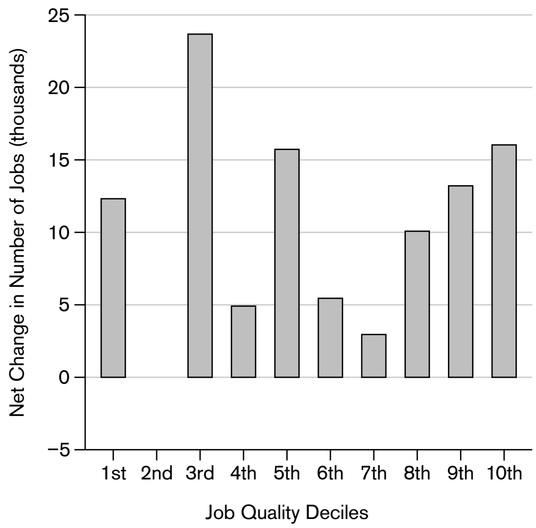


FIGURE 1.19 California Job Growth by Job Quality Decile, Full-Time African American Male Workers, 1992–2000.

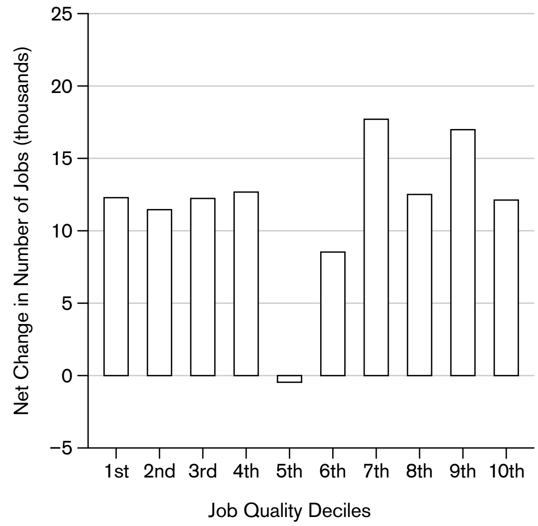


FIGURE 1.20 California Job Growth by Job Quality Decile, Full-Time African American Female Workers, 1992–2000.

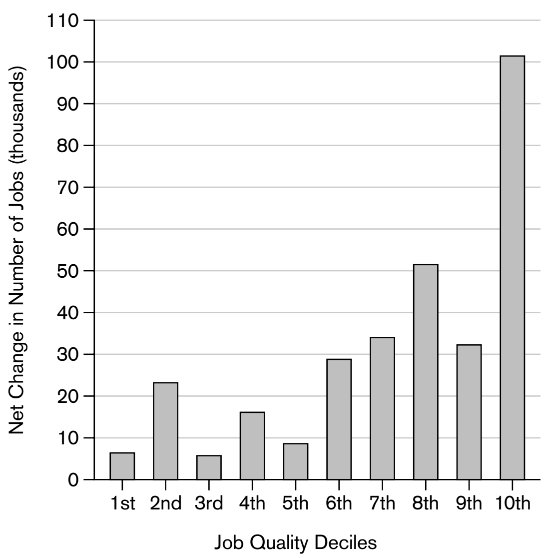


FIGURE 1.21 California Job Growth by Job Quality Decile, Full-Time Asian Male Workers, 1992–2000.

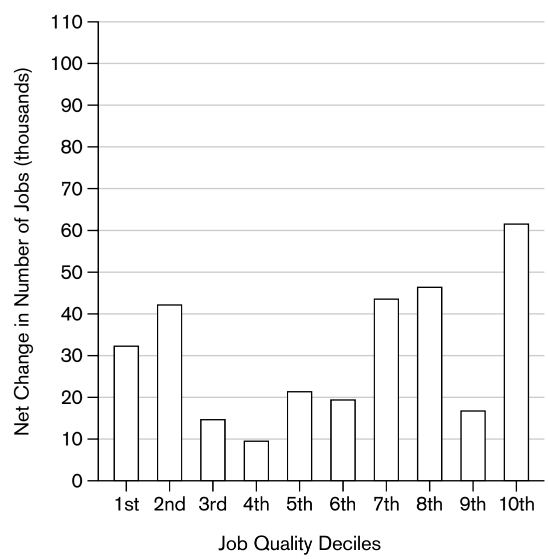


FIGURE 1.22 California Job Growth by Job Quality Decile, Full-Time Asian Female Workers, 1992–2000.

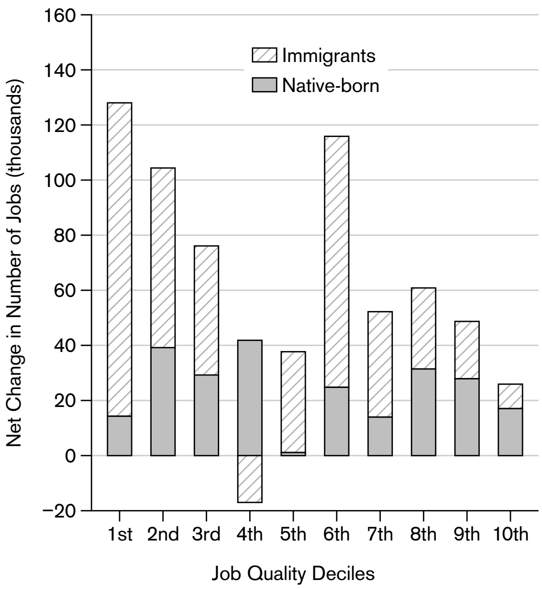


FIGURE 1.23 California Job Growth by Job Quality Decile, Full-Time Latino Workers Stacked by Immigrant Status, 1994–2000.

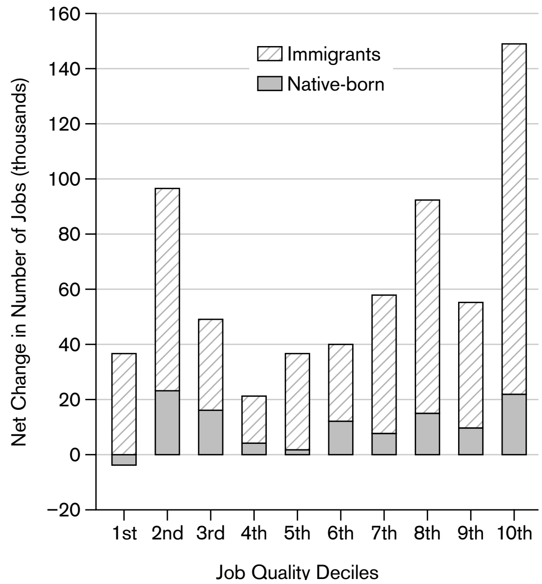


FIGURE 1.24 California Job Growth by Job Quality Decile, Full-Time Asian Workers Stacked by Immigrant Status, 1994–2000.

among the much smaller population of African Americans, but the overall distribution of job growth was skewed heavily downward among Latinos to a much greater degree than among African Americans. The pattern for Asians (Figures 1.21 and 1.22) is a bit closer to that for Anglos, with strong growth in the upper deciles but also substantial growth at the bottom among women (to a much greater degree than was the case among Anglo women).

The other key dimension of variation in California during the 1990s expansion was the pattern of job growth among immigrants, who form a more substantial part of California's labor force than they do in any other state.[15] As Figure 1.23 shows, job growth among immigrant Latinos was far more unevenly distributed across the deciles than it was among native-born Latinos. Among Latino immigrants job growth was concentrated in the bottom three deciles as well as in the sixth, whereas among native-born Latinos the distribution was far more even. The pattern was different for Asians, among whom job growth for immigrants was more concentrated in the upper deciles than was the case for natives, as shown in Figure 1.24.

As the next two figures suggest, one important factor underlying the contrast between the job-growth distributions for Latino and Asian immigrants was the dis-

15. The data are more limited here, since the CPS did not ask respondents about their place of birth until 1994. Thus, the data for our analysis of immigrant-native differences are for the 1994–2000 period only, not the full 1992–2000 economic expansion that is the basis of the rest of the analysis.

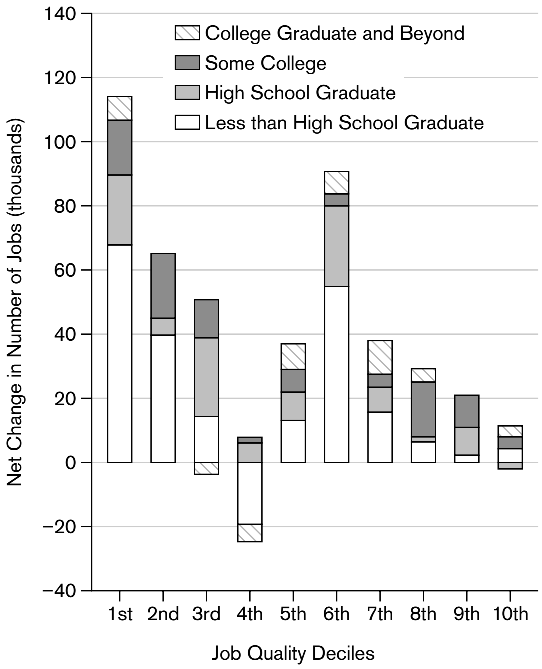


FIGURE 1.25 California Job Growth by Job Quality Decile, Full-Time Latino Immigrant Workers Stacked by Education, 1994–2000.

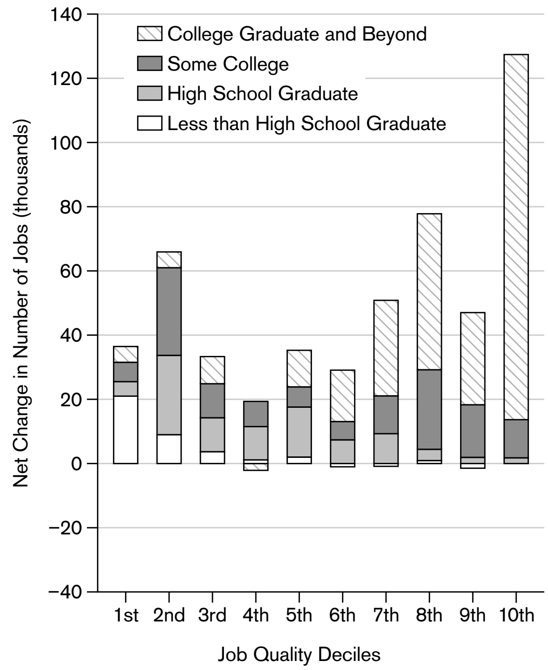


FIGURE 1.26 California Job Growth by Job Quality Decile, Full-Time Asian Immigrant Workers Stacked by Education, 1994–2000.

parate educational levels of the two populations. Figure 1.25 shows the distribution of job growth among Latino immigrants of varying education levels. Although significant numbers of highly educated Latinos had jobs in the bottom three deciles, those in the lowest educational category (not having completed high school) were particularly concentrated there. By contrast, Asian immigrants had much higher average levels of education and tended to be concentrated in the upper deciles, as Figure 1.26 shows.

## A TALE OF TWO CITIES: JOB GROWTH IN THE LOS ANGELES AND SAN FRANCISCO BAY AREAS

The statewide trends we have just reviewed obscure critically important differences between the state's two largest metropolitan areas. Just as the polarization of job growth was more extreme in California than in the United States as a whole during the economic expansion of the 1990s, it was even more extreme in the Los Angeles area than in California as a whole. The situation in the San Francisco Bay Area, however, was entirely different: There, the 1990s expansion generated virtually no polarization. Instead, job growth was heavily concentrated in the upper deciles of

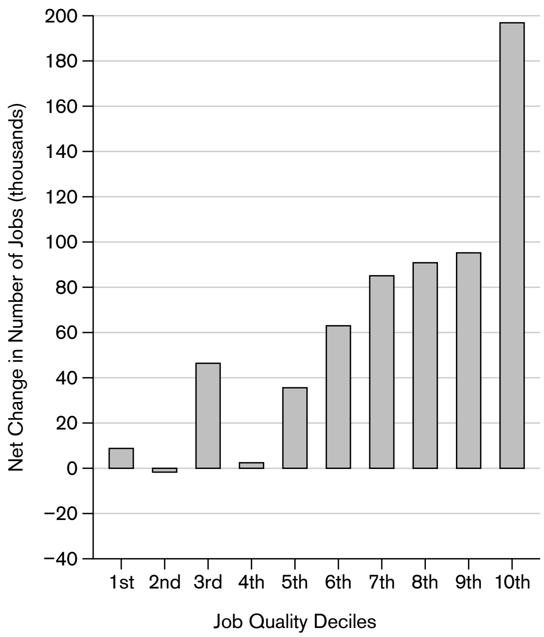


FIGURE 1.27 Bay Area Job Growth by Job Quality Decile, Full-Time Workers, 1992–2000.

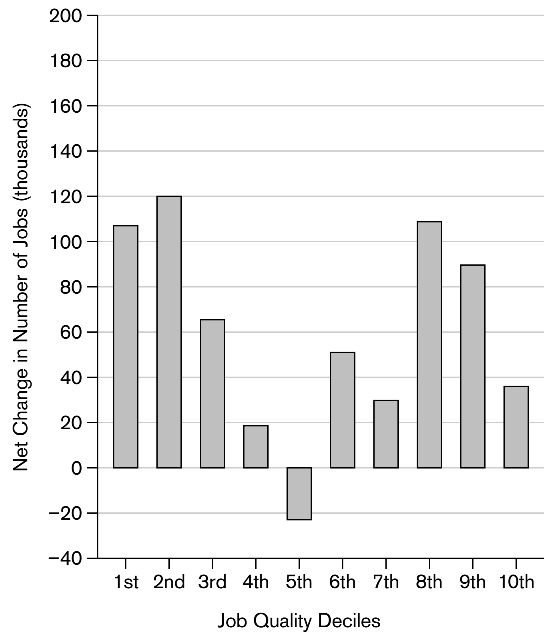


FIGURE 1.28 L.A. Area Job Growth by Job Quality Decile, Full-Time Workers, 1992–2000.

the job-quality distribution. Figures 1.27 and 1.28 portray this regional contrast vividly.[16]

As depicted in Figures 1.29 and 1.30, these two metropolitan areas also differ when we compare the distribution of all jobs (not just the newly created ones) over the job-quality deciles in the year 2000—at the end of the 1990s expansion. Examined from this angle, the contrast between the two regions is not nearly as extreme, suggesting that the north-south divergence is a recent development, rather than the result of some longstanding regional difference. For example, one might expect to see more high-quality jobs in the San Francisco Bay Area because unionization rates were historically higher there than in the L.A. area. But the gap between the two areas' unionization rates has in fact narrowed slightly over the past decade, so this cannot explain the divergence shown in Figures 1.27 and 1.28.[17]

16. The CPS data for these two areas are for two Consolidated Metropolitan Statistical Areas (CMSAs): the Los Angeles–Anaheim–Riverside CMSA, and the San Francisco–Oakland–San Jose CMSA. In the text all references to "Los Angeles" refer to the former CMSA, and all references to "the San Francisco Bay Area," "the Bay Area," or "San Francisco–San Jose" refer to the latter CMSA.

17. In 1991, 17.6 percent of wage and salary workers were union members in the Los Angeles metropolitan area, while the comparable figure for the San Francisco metropolitan area was 19.8 percent. The comparable figures for 2001 were 15.6 percent and 16.8 percent, respectively (see Hirsch and Macpherson 2002: 41, 45, 123, 127).

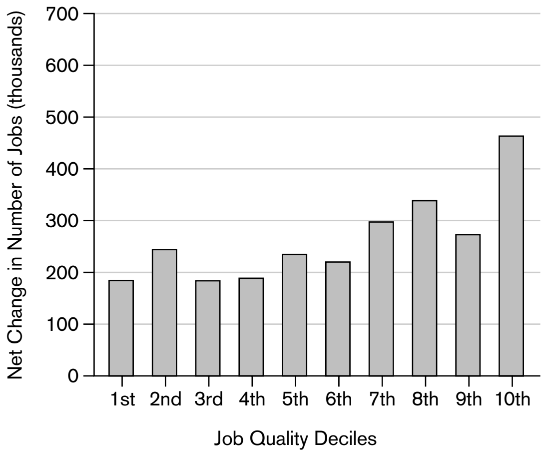


FIGURE 1.29 Bay Area Distribution of Workers across Job Quality Deciles, Full-Time Workers, 2000.

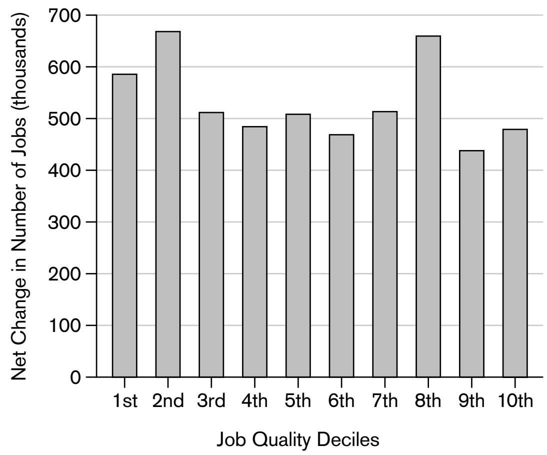


FIGURE 1.30 L.A. Area Distribution of Workers across Job Quality Deciles, Full-Time Workers, 2000.

The striking difference between California's two largest metropolitan areas instead reflects markedly different patterns of labor demand, due in turn to the distinctive composition of occupational and industrial growth in each area during the 1990s. As Figures 1.31 and 1.32 show, one key dimension of the contrast involves "high technology" occupations and industries.[18] In Los Angeles high-tech job growth was modest during the 1990s and almost entirely concentrated in the upper job-quality deciles, while large net job losses occurred in the middle deciles, presumably because of the precipitous decline of Southern California's aerospace sector in the aftermath of the Cold War. By contrast, high-tech occupations and industries accounted for the vast majority of the job growth in the Bay Area during the 1990s, especially in the upper deciles.

Consistent with the influence of high-technology jobs, job growth among highly educated workers has been far more substantial in the Bay Area than in the Los Angeles area, as Figures 1.33 and 1.34 show. It is also striking, though, that there was significant growth at the bottom of the labor market even among college-educated workers in the Los Angeles area.

18. Our definition of high-technology industries follows Wright and Dwyer (2002) and includes drugs; ordnance; office and accounting machines; computers and related equipment; radio, TV, and communication equipment; electrical machinery, equipment, and supplies; aircraft and parts; guided missiles, space vehicles, and parts; scientific and controlling instruments; medical, dental, and optical instruments and supplies; communications; radio and television broadcasting and cable; telephone communications; telegraph and miscellaneous communications services; professional and commercial equipment and supplies; electrical goods; computer and data processing services; as well as the following high-tech occupations: engineers; mathematical and computer scientists; natural scientists; health diagnosing occupations; health assessment and treating occupations; technicians and related support occupations; computer equipment operators; and communications equipment operators.

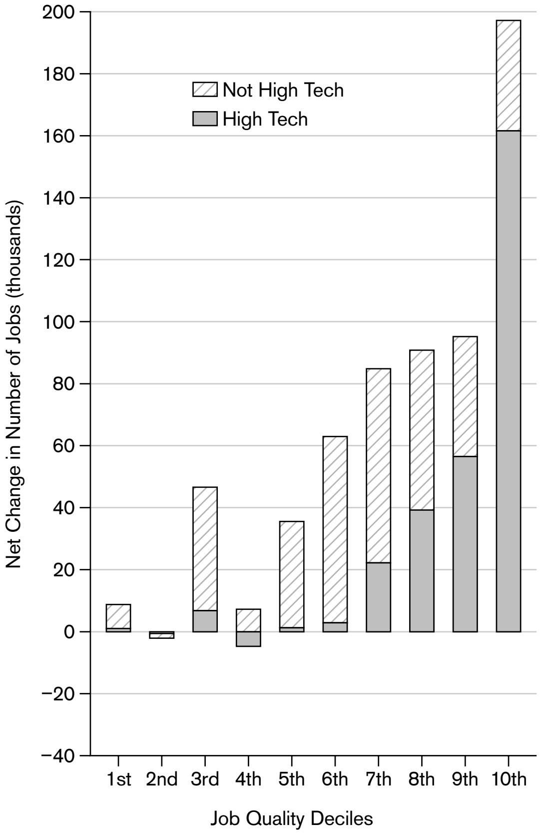


FIGURE 1.31 Bay Area Job Growth by Job Quality Decile, Full-Time Workers Stacked by Whether Job Is in High-Tech Sector, 1992–2000.

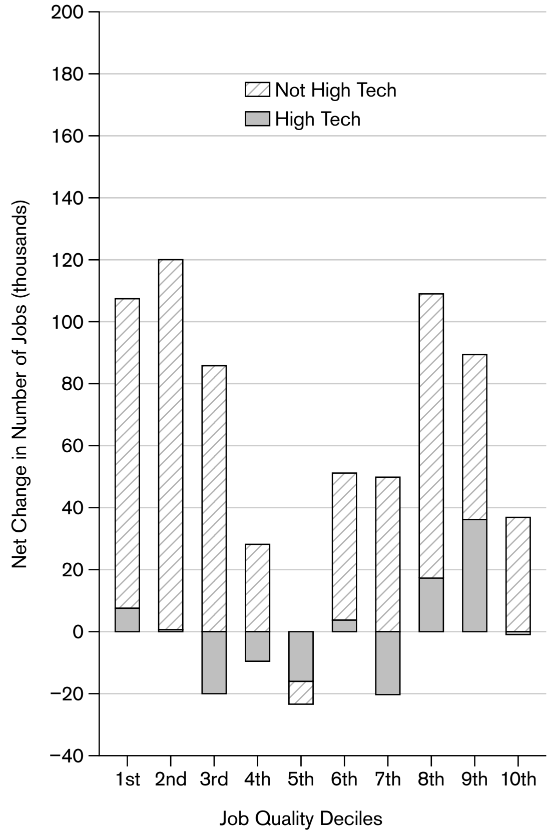


FIGURE 1.32 L.A. Area Job Growth by Job Quality Decile, Full-Time Workers Stacked by Whether Job Is in High-Tech Sector, 1992–2000.

That the pattern of job growth in the Bay Area is a recent development and largely a product of the region's concentrated high-tech growth is further confirmed by data from the 1980s. Figure 1.35 shows that during the expansion of 1983–90,[19] job growth in the San Francisco area was far more polarized than in the 1990s (compare Figures 1.35 and 1.31), but the high-tech sector was already producing large numbers of high-quality jobs. The L.A. area, as Figure 1.36 shows, had more low-end growth in the 1980s than did the Bay Area (and much less growth in high-tech jobs), but otherwise the job-growth distributions in the two regions were much more similar in the 1980s expansion than in that of the 1990s. Indeed, the north-south contrast almost entirely disappears if we exclude the high-tech sector from the analysis of the 1980s data.

The disproportionate magnitude of job growth toward the upper end of the distribution in the Bay Area in the 1990s was an important phenomenon in its own

19. The 1980s economic expansion actually started in 1982, but we use 1983 as the beginning year in this analysis because there was a change in the CPS occupation and industry coding classifications between 1982 and 1983.

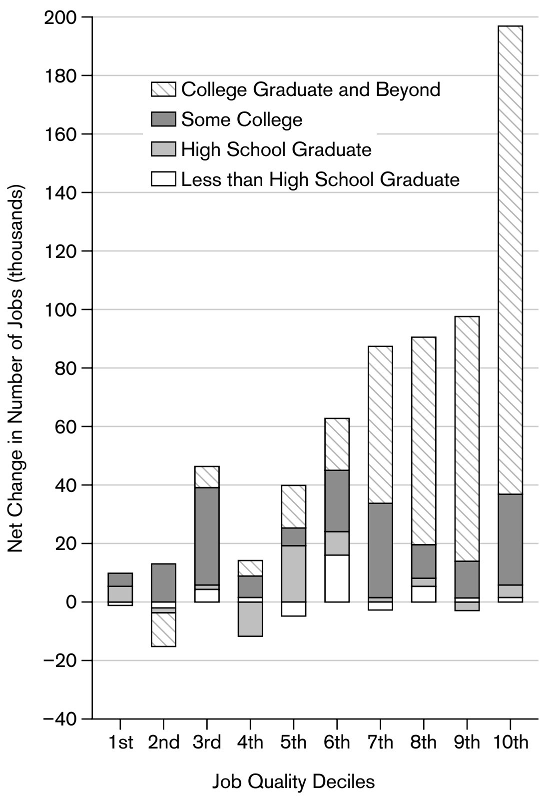


FIGURE 1.33 Bay Area Job Growth by Job Quality Decile, Full-Time Workers Stacked by Education, 1992–2000.

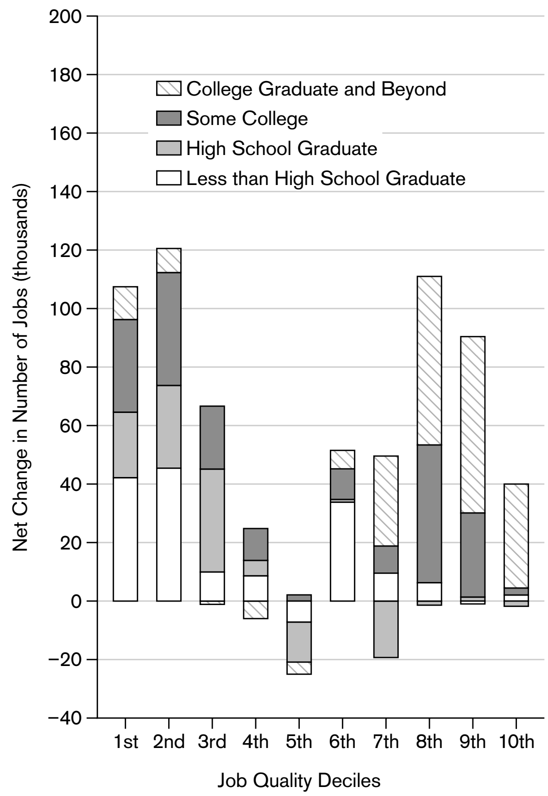


FIGURE 1.34 L.A. Area Job Growth by Job Quality Decile, Full-Time Workers Stacked by Education, 1992–2000.

right and one that has had positive effects on the labor market there. On one level, the pattern is hardly surprising; after all, as everyone "knows," the iconic industry of the new economy—the high-tech computer sector—is highly concentrated in the San Francisco–San Jose region. And yet, the fact that the pattern of job growth in the rest of California—and especially in Los Angeles, the nation's second largest metropolis—was so different suggests that the core occupations and industries of the new economy may be geographically bounded and dependent on a more ethnically diverse and less salutary political-economic configuration that prevails elsewhere in the state. Thus, even if the Bay Area's job-growth patterns appear to confirm the claims of new-economy boosters, those patterns are in no way representative of the larger state or national picture. Our analysis suggests precisely the opposite: that the San Francisco–San Jose metropolitan area is a highly unusual labor market.

The distinctive patterns of job growth in these two cities have important links to the contrasting racial and ethnic composition of their populations and to their distinctive configurations of immigration (and out-migration). A comparison of Figures

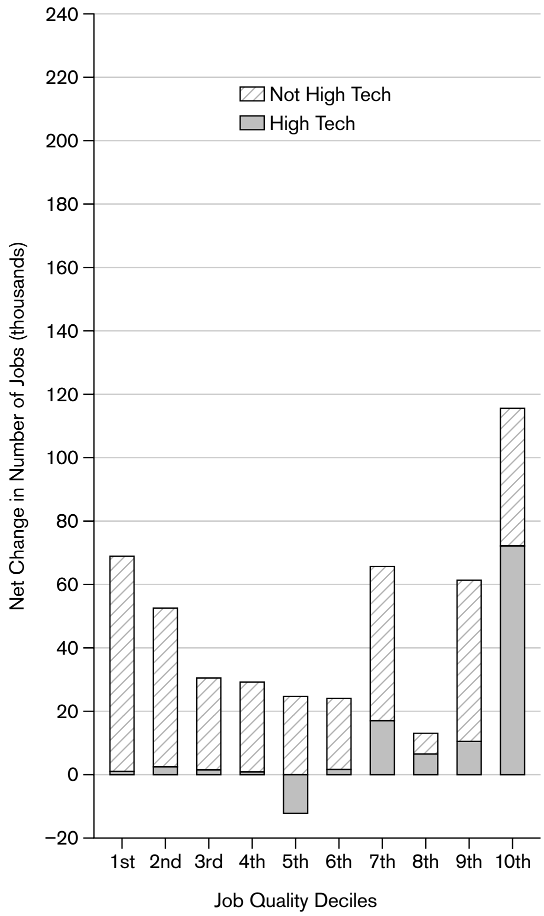


FIGURE 1.35 Bay Area Job Growth by Job Quality Decile, Full-Time Workers Stacked by Whether Job Is in High-Tech Sector, 1983–1990.

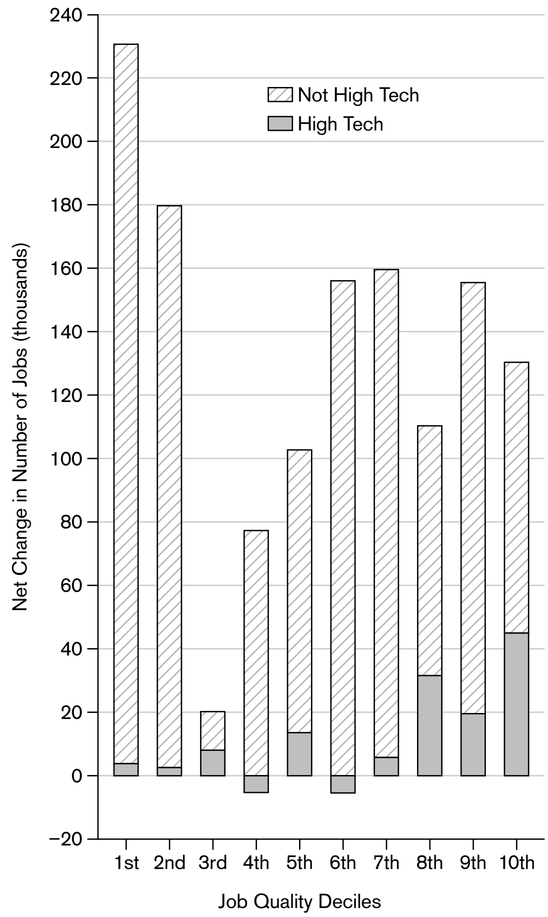


FIGURE 1.36 L.A. Area Job Growth by Job Quality Decile, Full-Time Workers Stacked by Whether Job Is in High-Tech Sector, 1983–1990.

1.37 and 1.38 reveals sharp contrasts in the racial composition of job growth between the two metropolitan areas, especially for Anglos. Anglos in the L.A. area experienced net job losses in almost every job-quality decile during the 1990s expansion (with modest growth only in the bottom and the ninth deciles), in part reflecting the net out-migration of Anglos during the early part of the decade. In the Bay Area, by contrast, Anglos witnessed net job growth over the decade, with nearly all of it concentrated in the top four deciles. Another, equally striking contrast here is that job growth among Latinos was far more extensive in the L.A. area than in northern California, across the job-quality spectrum. In both cases job growth among Latinos was concentrated in the lower deciles, but the volume of that growth was far greater in the Southland than in the Bay Area.

Immigrants, especially Latino immigrants, make up a larger proportion of the

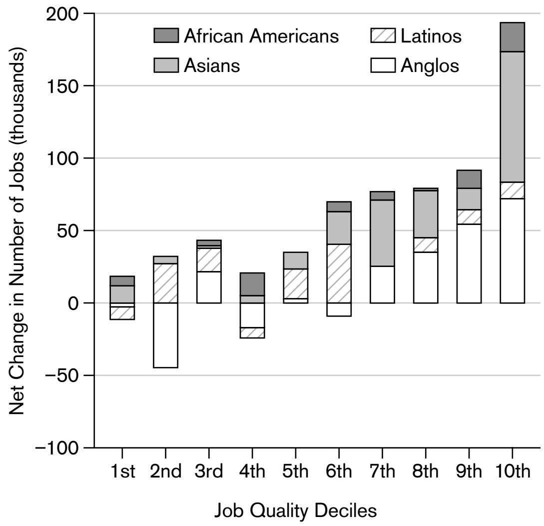


FIGURE 1.37 Bay Area Job Growth by Job Quality Decile, Full-Time Workers Stacked by Race, 1992–2000.

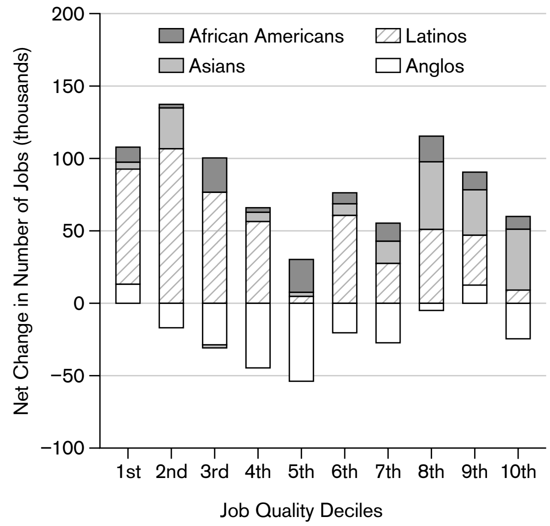


FIGURE 1.38 L.A. Area Job Growth by Job Quality Decile, Full-Time Workers Stacked by Race, 1992–2000.

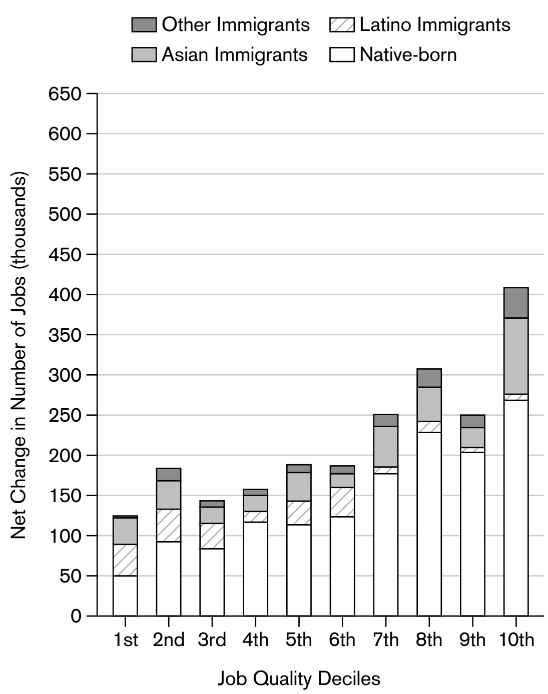


FIGURE 1.39 Bay Area Distribution of Workers across Job Quality Deciles, Full-Time Workers Stacked by Immigrant Status, 2000.

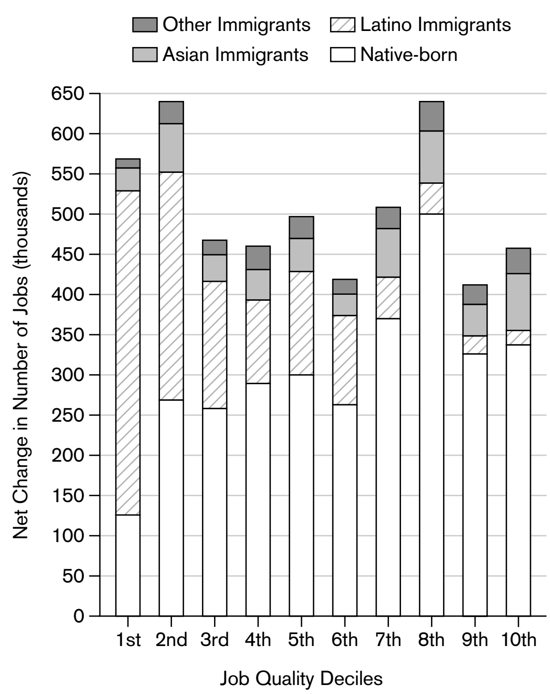


FIGURE 1.40 L.A. Area Distribution of Workers across Job Quality Deciles, Full-Time Workers Stacked by Immigrant Status, 2000.

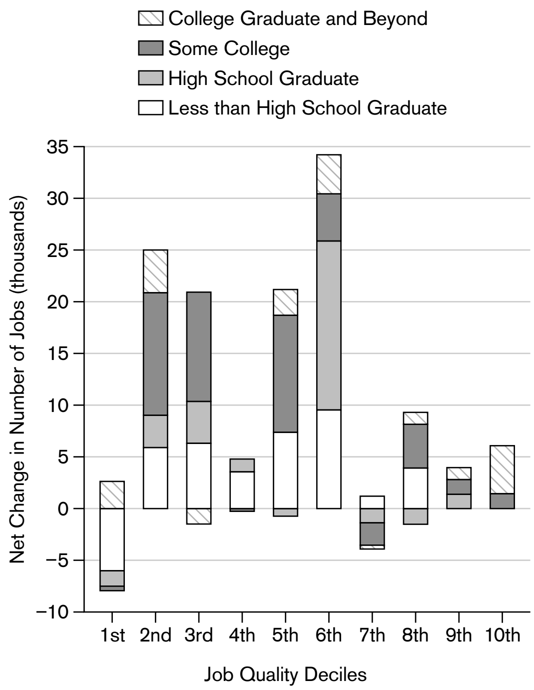


FIGURE 1.41 Bay Area Job Growth by Job Quality Decile, Full-Time Latino Immigrant Workers Stacked by Education, 1996–2000.

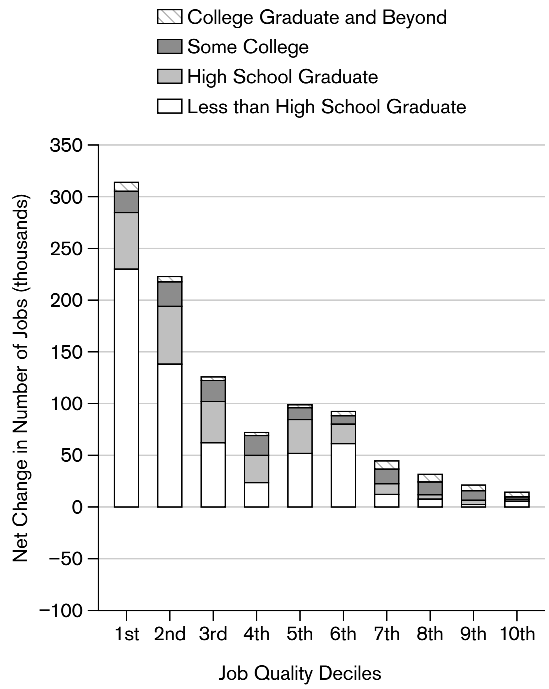


FIGURE 1.42 L.A. Area Job Growth by Job Quality Decile, Full-Time Latino Immigrant Workers Stacked by Education, 1996–2000.

labor force in Los Angeles than in northern California, as Figures 1.39 and 1.40 show. Over the 1990s, job growth among foreign-born Latinos was disproportionately concentrated in the lower deciles in both metropolitan areas, but their numbers were much larger in Los Angeles. Immigration has been a major contributor to growth in the labor force throughout California, but in the San Francisco–San Jose area, Asians form a larger share of the total growth than they do in the L.A. area, where Latinos predominate.

Some commentators argue that the large influx of immigrants with limited education has been an important factor shaping the new inequality in California generally, and in southern California in particular (see Reed 1999; Daly, Reed, and Royer 2001). But it is also the case that immigration flows are highly responsive to labor demand. Thus, less educated immigrants may be clustered in Los Angeles because that is where low-wage, low-skill jobs are most plentiful, rather than the other way around. Similarly, their more educated counterparts may be drawn to the very different labor market in northern California's major metropolitan center, even though the high overall educational level of the labor force there sets limits on opportunity (see Ellis 2001: 137).

This view is consistent with the data in Figures 1.41 through 1.44, which show the composition of job growth in the two cities during the late 1990s for Latino

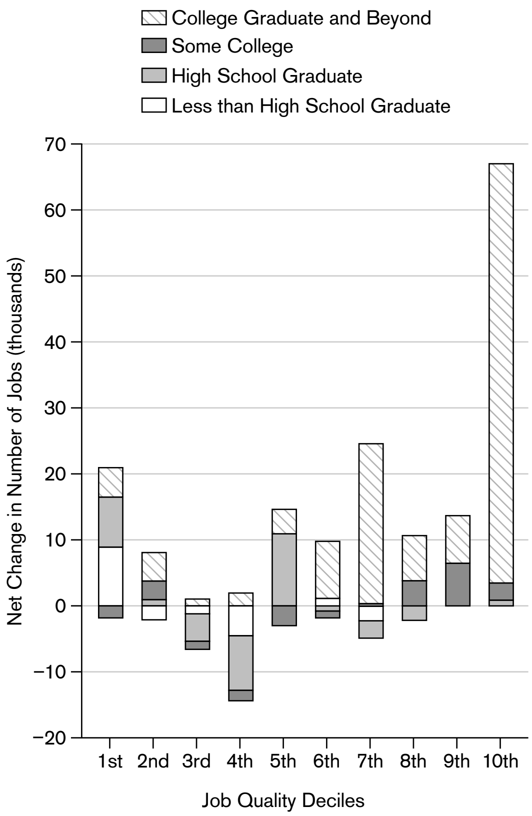


FIGURE 1.43 Bay Area Job Growth by Job Quality Decile, Full-Time Asian Immigrant Workers Stacked by Education, 1992–2000.

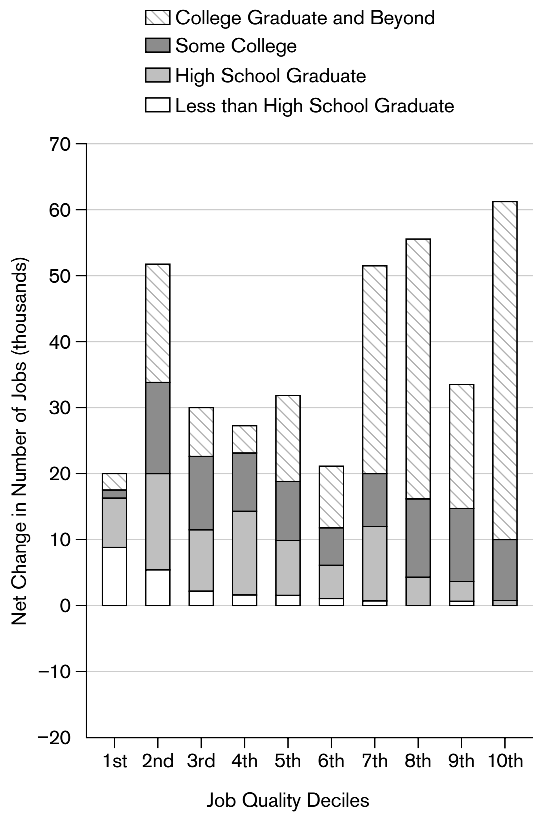


FIGURE 1.44 L.A. Area Job Growth by Job Quality Decile, Full-Time Asian Immigrant Workers Stacked by Education, 1996–2000.

and Asian immigrants by educational level.[20] Among college-educated Asian immigrants in the Bay Area, there was substantial growth in high-quality jobs (Figure 1.43), while in Los Angeles growth in low-quality jobs was the dominant tendency among less-educated Latino immigrants (Figure 1.42). The relationship between education and job growth is more complicated, however, for Latino immigrants in the Bay Area and for both Asian and Latino immigrants in the Los Angeles area. Job growth among Latino immigrants in the Bay Area was disproportionately concentrated in the bottom half of the job-quality spectrum over the nineties, even among the highly educated (Figure 1.41). This suggests that obstacles other than a lack of education remain for Latino immigrant workers, even in the state's least polarized major labor market. In Los Angeles, too, substantial job

20. Unfortunately, the CPS did not collect data on nativity until 1994, and the sample sizes are too small at the metropolitan area level to be useful for nativity-focused analysis for 1994 and 1995. Thus, these figures present data for 1996–2000 only.

growth occurred among college-educated immigrants (both Latino and Asian) in the lower deciles, although the bulk of job growth within this population (and especially among Asians) was in the upper deciles. The extreme polarization of job growth in the L.A. area may set limits on job opportunities, even for some highly educated workers.[21]

## CONCLUSION

Our analysis shows that job growth in California during the 1990s was highly polarized, with large numbers of high-quality jobs *and* low-quality jobs being generated, but with relatively little growth in the middle range. This polarization was even more extreme in California than in the United States as a whole during the 1990s—in part because of the polarization *within* the state between the exceptional case of San Francisco–San Jose, the state's key node of high-technology, "new economy" growth, and the rest of the state. The contrast was especially sharp between the San Francisco Bay Area and the state's largest metropolis, Los Angeles, where low-quality jobs grew on a massive scale.

These late-twentieth century developments suggest the likely shape of the twenty-first century economy, given that the focus of our analysis is on newly generated jobs. The polarization evident in the 1990s expansion also stands out sharply as a new historical development: the pattern of job growth in California (and in the United States) during the 1990s contrasts dramatically with that during the 190s, as we have shown.

Whereas in the past jobs were highly polarized along gender lines, by the 1990s polarization among women had emerged alongside the longstanding pattern of gender segregation. Although the job-growth patterns of the 1990s exhibit substantial intragroup polarization for some racial and ethnic groups as well, workforce divisions by racial, ethnic, and nativity groups remain extremely salient, in some instances irrespective of educational levels. Polarization, in short, exists within as well as among groups marked by gender, race, ethnicity, and nativity.

The implications of these emerging patterns of job polarization raise serious concerns about the structure of opportunity for future generations of Californians. Historically, in the United States generally and California in particular, a labor market with abundant middle-range jobs offered the possibility to disadvantaged groups, and especially immigrants, of ascending the ladder from low-wage jobs

21. Our finding that highly educated people appear in the bottom deciles may also reflect the fact that "jobs," as defined by our occupation-by-industry matrix, are internally heterogeneous in regard to earnings. Each job contains individuals with a variety of earnings, so that even a job whose median earnings place it in one of the bottom deciles may include some individuals with high earnings (and possibly, high educational attainment as well).

into the middle class and beyond. Although that advancement was never as easy a task as popular mythologies about the "American dream" proclaimed, in the late twentieth century it became increasingly difficult, simply because the new economy generated relatively few middle-range jobs. If this polarization and the decline in "middle class" jobs are not reversed, California's working people, and especially the massive numbers of new immigrants and their children, may well find that economic opportunities are far more elusive for them than they were for previous generations.

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**APPENDIX. Selected Characteristics of the Six Largest Jobs in Each Job Quality Decile, California, 1992–2000**

| Job-Quality Decile[a] | Median Hourly Earnings, 1992–2000 | The Six Jobs with the Largest Number of Full-Time Workers[b] | | Number of Job Holders | | % Share of Jobs in Decile | % Share of Employment in Decile | | Number of Jobs in Decile |
|---|---|---|---|---|---|---|---|---|---|
| | | Occupation | Industry | 1992 | 2000 | 1992 | 1992 | 2000 | 2000 |
| Lowest Decile | $ 6.58 | Food services | Retail trade | 256,728 | 278,923 | 26.46 | 10.13 | 10.87 | 32 |
| | 6.50 | Farm workers | Agriculture | 225,455 | 319,040 | 23.24 | | | |
| | 7.15 | Machine operators/tenders | Manufacturing, nondurable goods | 211,345 | 248,424 | 21.79 | | | |
| | 5.96 | Private household services | Private household services | 60,548 | 90,035 | 6.24 | | | |
| | 7.00 | Personal services | Social services | 31,799 | 50,864 | 3.28 | | | |
| | 7.00 | Machine operators/tenders | Personal services | 26,601 | 29,203 | 2.70 | | | |
| 2nd Decile | $ 8.45 | Retail sales workers | Retail trade | 292,992 | 385,622 | 27.17 | 11.27 | 11.59 | 51 |
| | 9.33 | Machine operators/tenders | Manufacturing, durable goods | 134,453 | 138,116 | 12.47 | | | |
| | 8.37 | Health services | Other medical services[c] | 65,170 | 76,939 | 6.04 | | | |
| | 7.51 | Cleaning/building services | Business services | 62,440 | 66,237 | 5.79 | | | |
| | 8.26 | Protective services | Business services | 43,014 | 44,652 | 3.99 | | | |
| | 8.72 | Freight/stock handlers | Retail trade | 39,267 | 57,903 | 3.64 | | | |
| 3rd Decile | $ 9.66 | Fabricators, assemblers, inspectors, samplers | Manufacturing, durable goods | 156,317 | 153,107 | 18.59 | 8.78 | 8.94 | 58 |
| | 9.91 | Clerical & other administrative support | Retail trade | 72,516 | 75,960 | 8.62 | | | |
| | 10.80 | Clerical & other | Manufacturing, nondurable goods | 56,338 | 62,792 | 6.70 | | | |
| | 11.25 | Clerical & other administrative support | Wholesale trade | 51,992 | 57,232 | 6.18 | | | |
| | 10.92 | Clerical & other administrative support | Other medical services[c] | 50,705 | 57,319 | 6.03 | | | |
| | 10.73 | Construction laborer | Construction | 46,678 | 96,783 | 5.55 | | | |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 4th Decile | $12.27 | Clerical & other administrative support | Finance, insurance, & real estate | 177,558 | 163,859 | 18.89 | 9.82 | 8.31 | 50 |
| | 12.27 | Clerical & other administrative support | Manufacturing, durable goods | 86,687 | 72,911 | 9.22 | | | |
| | 12.00 | Mechanics/repairers | Automotive & repair services | 66,341 | 77,451 | 7.06 | | | |
| | 12.40 | Clerical & other administrative support | Transportation | 45,430 | 85,566 | 4.83 | | | |
| | 12.40 | Precision production | Retail trade | 44,986 | 40,214 | 4.79 | | | |
| | 12.73 | Secretaries, typists, & stenographers | Finance, insurance, & real estate | 43,062 | 30,834 | 4.58 | | | |
| 5th Decile | $13.17 | Precision production | Manufacturing, durable goods | 194,944 | 197,907 | 19.37 | 10.52 | 9.16 | 33 |
| | 12.92 | Sales supervisors/proprietors | Retail trade | 189,222 | 222,932 | 18.80 | | | |
| | 13.72 | Motor vehicle operators | Transportation | 138,961 | 155,660 | 13.80 | | | |
| | 13.72 | Other executives, administrators, & managers[d] | Retail trade | 102,753 | 105,020 | 10.21 | | | |
| | 13.41 | Precision production | Manufacturing, nondurable goods | 68,339 | 60,187 | 6.79 | | | |
| | 13.23 | Health technicians | Other medical services[c] | 43,678 | 70,058 | 4.34 | | | |
| 6th Decile | $15.85 | Construction trades | Construction | 256,495 | 395,383 | 28.02 | 9.56 | 9.28 | 61 |
| | 14.00 | Clerical & other administrative support | Public administration | 76,833 | 78,635 | 8.40 | | | |
| | 15.00 | Secretaries, typists, & stenographers | Other professional services[e] | 56,592 | 33,925 | 6.18 | | | |
| | 14.41 | Clerical & other administrative support | Communications/public utilities | 49,971 | 43,029 | 5.46 | | | |
| | 16.10 | Health technicians | Hospital services | 43,234 | 51,094 | 4.72 | | | |
| | 15.10 | Mechanics/repairers | Retail trade | 42,547 | 54,482 | 4.65 | | | |

APPENDIX *(continued)*

| Job-Quality Decile[a] | Median Hourly Earnings, 1992–2000 | The Six Jobs with the Largest Number of Full-Time Workers[b]: Occupation | Industry | Number of Job Holders: 1992 | 2000 | % Share of Jobs in Decile: 1992 | % Share of Employment in Decile: 1992 | 2000 | Number of Jobs in Decile: 2000 |
|---|---|---|---|---|---|---|---|---|---|
| 7th Decile | $17.87 | Sales reps, finance/business | Finance, insurance, & real estate | 128,756 | 121,123 | 13.23 | 10.17 | 10.02 | 44 |
| | 17.43 | Management related | Finance, insurance, & real estate | 100,247 | 118,001 | 10.30 | | | |
| | 17.50 | Sales reps, commodities | Wholesale trade | 94,226 | 111,878 | 9.68 | | | |
| | 16.46 | Mail/message distributors | Transportation | 65,839 | 78,758 | 6.77 | | | |
| | 17.44 | Other executive, administrators, & managers[d] | Other medical services[c] | 55,428 | 63,920 | 5.70 | | | |
| | 16.88 | Engineering & science technicians | Manufacturing, durable goods | 47,463 | 45,427 | 4.88 | | | |
| 8th Decile | $20.62 | Teachers except college & university | Educational services | 253,170 | 374,614 | 22.36 | 11.83 | 12.29 | 56 |
| | 20.41 | Other executives, administrators, & managers[d] | Finance, insurance, & real estate | 108,175 | 148,053 | 9.56 | | | |
| | 20.38 | Management related | Public administration | 65,903 | 59,802 | 5.82 | | | |
| | 19.36 | Management related | Manufacturing, durable goods | 58,212 | 57,476 | 5.14 | | | |
| | 18.31 | Sales supervisors/proprietors | Wholesale trade | 50,339 | 72,708 | 4.45 | | | |
| | 20.32 | Other executives, administrators, & managers[d] | Wholesale trade | 46,358 | 30,902 | 4.09 | | | |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 9th Decile | $21.00 | Protective services | Public administration | 139,664 | 131,501 | 18.21 | | | |
| | 22.53 | Other executives, administrators, & managers[d] | Manufacturing, nondurable goods | 73,985 | 87,165 | 9.64 | | | |
| | 23.00 | Other executives, administrators, & managers[d] | Business services | 61,080 | 152,642 | 7.96 | | | |
| | 22.90 | Public administration | Public administration | 60,379 | 68,681 | 7.87 | 8.01 | 8.72 | 43 |
| | 22.82 | Other executives, administrators, & managers[d] | Construction | 48,695 | 60,636 | 6.35 | | | |
| | 21.04 | Other executives, administrators, & managers[d] | Transportation | 42,069 | 55,969 | 5.48 | | | |
| Highest Decile | $26.73 | Other executives, administrators, & managers[d] | Manufacturing, durable goods | 152,787 | 197,548 | 16.10 | | | |
| | 27.68 | Engineers | Manufacturing, durable goods | 127,915 | 122,545 | 13.48 | | | |
| | 23.83 | Health treating/assessment | Hospital services | 105,401 | 115,171 | 11.12 | | | |
| | 23.95 | Other executives, administrators, & managers[d] | Educational services | 68,990 | 92,167 | 7.27 | 9.91 | 10.83 | 51 |
| | 24.55 | Teachers: college & university | Educational services | 46,785 | 56,570 | 4.93 | | | |
| | 27.33 | Engineers | Other professional services[e] | 41,810 | 47,154 | 4.41 | | | |

SOURCE: U.S. Current Population Survey.

[a] Job quality is defined by median hourly earnings among full-time workers in each job. Each decile represents roughly one-tenth of all full-time California workers in 1992. (See the "Methods and Data" section in text for more details.)

[b] Within each decile, these were the six jobs with the largest number of full-time workers in 1992.

[c] "Other medical services" are those other than "hospital services."

[d] "Other executive, administrators, and managers" are those other than "administrators and officials, public administration," "supervisors and proprietors, sales occupations," and "supervisors—administrative support."

[e] "Other professional services" are other than those in all the other service industries: "business," "entertainment and recreation." "hospital," "other medical," "educational," "social," "public administration," and "finance, insurance, and real estate."

# Recession and Reaction

## THE IMPACT OF THE ECONOMIC DOWNTURN ON CALIFORNIA LABOR

MANUEL PASTOR
and CAROL ZABIN

THE TRAGIC EVENTS OF SEPTEMBER 11, 2001 DEALT THE CALIFORNIA economy a sharp blow. While the most pressing concern was, of course, the deaths in New York, Virginia, and Pennsylvania, the nation as a whole would soon feel the economic aftermath. With travelers' nerves on edge, air travel and tourism plummeted, hospitality workers were laid off, and an already slipping economy started to slide. California, with its important tourism and entertainment sectors, was hard-hit. But while September 11 and its effects dominated economic commentary at the time, the state had been edging into a recession well before the attacks, largely because of the collapse of the Silicon Valley "dot.com" bubble and its ripple effects on the rest of the California economy.[1]

Although the recession has affected business and labor alike, workers and their communities have had special reason to be concerned. The downturn followed a decade-long drift toward rising economic inequality, a disturbing trend that had been challenged only recently by the combination of a buoyant economy, a bolder labor movement, and new public policies of the late 1990s. Unfortunately, the slippage in employment through 2001 removed one of the upward pressures on wages and the rapidity of the layoffs after 9/11 made clear the extent of restructuring in the California economy. An emerging bifurcated system of core and temporary employees had provided valued "economic flexibility" to employers in the upswing, but it also tended to shunt the burden of market volatility onto a vulnerable group of workers. Even as the economy has started to pull out of the depths of joblessness in summer 2002, the outlines of the current recession offer lessons about how the California labor market has changed—and what Californians will need to do if they are to restore the promise of equality and opportunity that have marked the state's unique version of the American Dream.

In this chapter we review the effects of the current recession and discuss prospects for the future. We begin with a brief description of long-run trends in the California economy that set the stage for the recession, with particular attention to changes in

1. We would like to thank Steven Pitts, Harold Toro, and Scott Littlehale for their important contributions to this chapter.

patterns of income distribution. We then explore the downturn itself, finding that the triggering factor was the dot.com crash and the slowdown in high-technology spending, not the aftershocks of September 11. We go on to analyze the impact of 9/11 on employment in the state, underscoring the profound effects on travel and tourism and the disproportionate effect on unionized jobs, as the hardest hit sectors have relatively high union density. We also briefly consider the likely impacts of the recession on income distribution, partly through the effects of revenue shortfalls in the state budget. Finally, we compare the current recession with the recession of the early 1990s, assessing the implications for the short- and long-term future of economic opportunity in California.

In considering the future, we suggest that the recession has affected not only the state budget but also the state's political calculus: In times of recession voters tighten their belts, and politicians lose interest in such social "luxuries" as a living wage, unionization of homecare workers, and expanded health insurance for low-wage workers. Efforts to secure such social goods, many of which took root at the peak of the 1990s boom, have become endangered—just when they had begun to reach significant numbers of workers. Improving the future for California's working families will require maintaining the momentum of labor and community-based movements to reduce inequality even as policymakers and others work to restore the long-term growth of the state's economy.

## BUILDING ON THE BOOM: ECONOMIC TRENDS IN THE NINETIES

After a sharp recession in the early 1990s, the California economy rebounded in the second half of the decade. The state's unemployment rate, which had risen dramatically above that in the rest of the nation, tapered back down toward the national level (see Figure 2.1). Employment growth was impressive, with nearly 2.7 million jobs added over the 1993–2001 period.[2] The strength of the boom convinced even long-time skeptics. In March 1998, after years of bemused condescension toward the "Left Coast," *The New Yorker* magazine published a two-part article, "The Comeback" (Cassidy 1998), teasing readers with the blurb "A few years ago, California's economy was a study in decline. Now it's the model of the future."

As Figure 2.2 shows, there were reasons for both the earlier pessimism and the later optimism. The national recession sparked the 1991–93 dip in California employment, but employment stagnation lingered in the state, partly because of sharp cuts in federal spending on defense and the aerospace industry. Still, the second half of the decade was surely a boom. It was California's high-tech firms that launched the

2. The data on unemployment and employment composition used in Figures 2.1, 2.2, and 2.3 are from the State of California Employment Development Department (EDD), Labor Market Information Division; see *www.edd.ca.gov*.

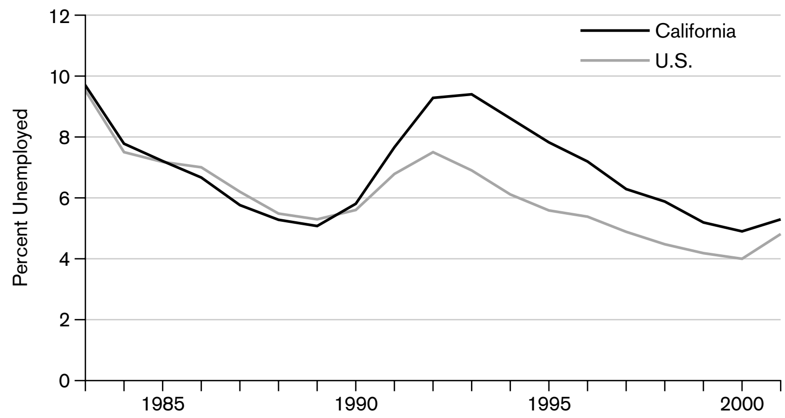


FIGURE 2.1 U.S. and California Unemployment Rates, 1983–2001

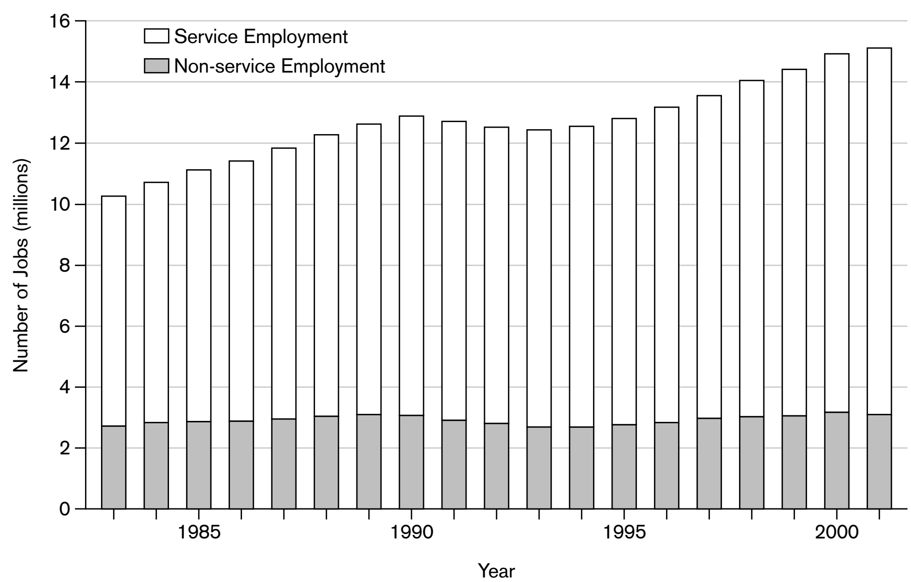


FIGURE 2.2 Overall Employment in California, Service Sector and All Other Sectors, 1983–2001

new Internet economy; labor shortages became the rule in many parts of the state; and housing prices surged to new highs, particularly in the rip-roaring Silicon Valley. As Figure 2.2 suggests, the real growth came in service industries—transportation, trade, finance, business services (which includes software and other computing services as well as personnel supply or temporary agencies), and government—as California moved into a new postindustrial economy.

Figure 2.3 provides a more detailed sectoral breakdown of employment growth. As it shows, while employment was rising in the other major sectors, manufactur-

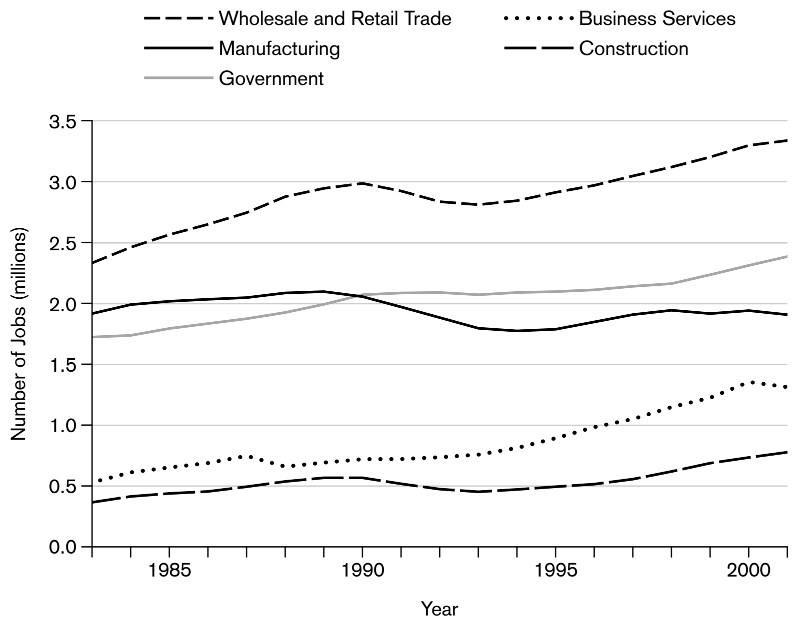


FIGURE 2.3 Sectoral Employment in California, 1983–2001

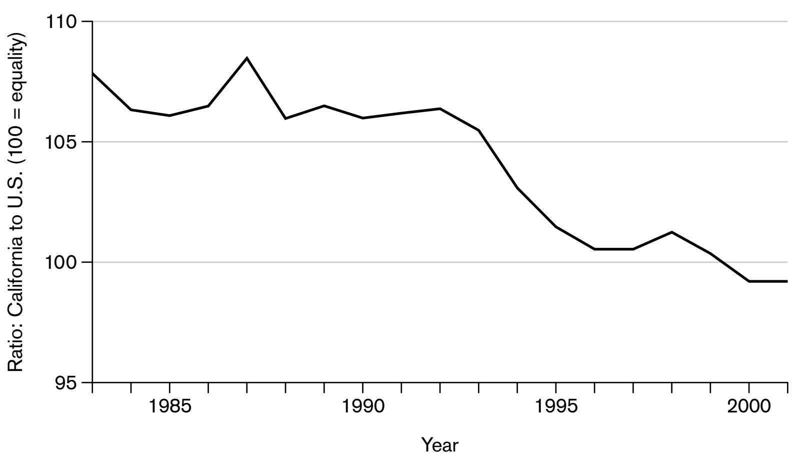


FIGURE 2.4 Ratio of the California Manufacturing Wage to the U.S. Manufacturing Wage, 1983–2001

ing employment fell during the early 1990s. Indeed, even after some recovery in the latter part of the decade, by 2000 employment in manufacturing was still below the 1991 level, and the recession that began in 2001 brought yet another absolute decline. Moreover, California was trading off higher wage manufacturing work for low-wage manufacturing. As shown in Figure 2.4, the ratio of the average hourly manufacturing wage in California to the average for the United States overall fell sharply over the 1990s, and by 2000 the average in California had dropped below the U.S. average.[3]

Meanwhile, the service sector was growing dramatically, accounting for nearly 85 percent of job growth in the state over the 1993–2001 period and over 90 percent of net job growth from 1983 to 2001 (see Figure 2.2). But as Figure 2.3 shows, not all subsectors in services grew at the same rate. Government and wholesale and retail trade essentially followed the trend in total employment. The fastest increases came in business services (which, again, includes both software services and personnel supply), with employment growth of over 80 percent during the 1993–2000 period—far above the total employment increase of about 20 percent during that period. Nonetheless, even as total employment continued to rise in 2000–2001—albeit by an anemic 1.3 percent—business services led the way into the recession with a 3.2 percent decline in jobs.[4]

Low-wage jobs in the service sector have often accompanied high-tech growth, most notably in the case of personal services for the new technological elite: Software engineers working 16-hour days generate high demand for restaurants, dry cleaners, and childcare. But many other low-wage service jobs are also an integral part of producing high-tech goods and services. The proliferation of low-wage workers at call centers servicing Internet service providers, for example, is a direct outgrowth of the high-tech revolution. Moreover, low-wage work linked to high-tech sectors is not limited to service jobs. Although much of the manufacturing necessary to make high-tech equipment now takes place overseas, Silicon Valley and other parts of California are still home to numerous low-wage manufacturing and assembly facilities that need to be near the heart of the computer industry. Thus, despite the "new economy" mantra touting the rise of Internet pioneers and network engineers, part of the reality of the changing labor market has been an accompanying increase in low-end jobs.

Furthermore, the volatile markets of the new economy have led firms to rely more and more on temporary workers. Employment growth in California's personnel supply industry—which for the most part comprises temporary agencies—rose 37 percent between 1997 and 2000, far outpacing the 10 percent rise in total employment over those years. As noted earlier, this sector proved itself a source of flexibility for employers during the subsequent downturn, posting a 7.2 percent decline in jobs in 2000–01.[5]

3. The data on California and U.S. wages are from the State of California (2001).

4. These data are from the California EDD; see *www.edd.ca.gov.*

5. These data are from EDD; see www.edd.ca.gov. In her analysis of the state's temp sector Baru (2001) expressed surprise that temporary employment grew so dramatically during the recent boom, arguing that one would instead have expected it to rise in recessionary conditions, when workers lose the power to demand permanent jobs. Other observers have tried to explain the upward trend long into the boom portion of the business cycle by suggesting that companies were seeking to avoid wage pressure in the light of low unemployment (see Houseman, Kalleberg, and Erickcek 2001). In any case, the recession of 2001–02 has brought a rapid contraction in temporary employment. For more on the changing pattern of temporary employment at the national level—from countercyclical growth during the recessions of the 1980s and 1990s to a sharp cyclical downturn during the most recent recession—see Theodore and Peck (in press).

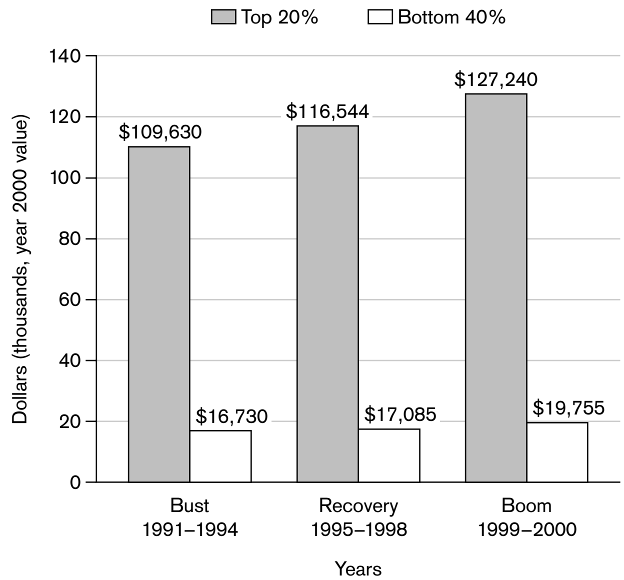


FIGURE 2.5 Changes in Median Household Income in California among the Top 20 Percent and Bottom 40 Percent; Bust, Recovery, and Boom Periods, 1991–2000

This new economic structure—with traditional manufacturing employment stagnant, higher technology sectors cycling high then low, and low-wage service sectors on a steady rise—has fundamentally reshaped patterns of economic inequality in the state.[6] Figures 2.5 and 2.6 show the changes in median income for the top 20 percent and the bottom 40 percent of California households during three recent periods: the 1991–94 recession, the 1995–98 recovery, and the 1999–2000 boom.[7] The upper 20 percent experienced steady and substantial gains over the entire decade. In contrast, the bottom 40 percent, after enjoying a meager $355 increase in inflation-adjusted income (in 2000 dollars) over the first two periods, saw significant gains only at the end of the period, as the recovery turned to boom, labor markets tightened, and wages and employment rose.

Of course, part of the improvement in household income was simply due to rising employment and longer working hours. There is some evidence, though, that the wage distribution actually tightened as well. Figure 2.7 shows the increase in hourly wages at the 25th, 50th, and 75th percentiles of the wage distribution between 1998 and 2001.[8]

6. For other analyses of the growing inequality in California during this period, see Reed (1999), Galpern (1998), and Milkman and Dwyer (this volume).
7. This analysis is based on data from the March Supplement of the U.S. Current Population Survey (CPS).
8. The 2001 wage distribution for total employment shown in Figure 2.7 is slightly different from the official state figures in the Occupational Employment Statistics Survey (available at

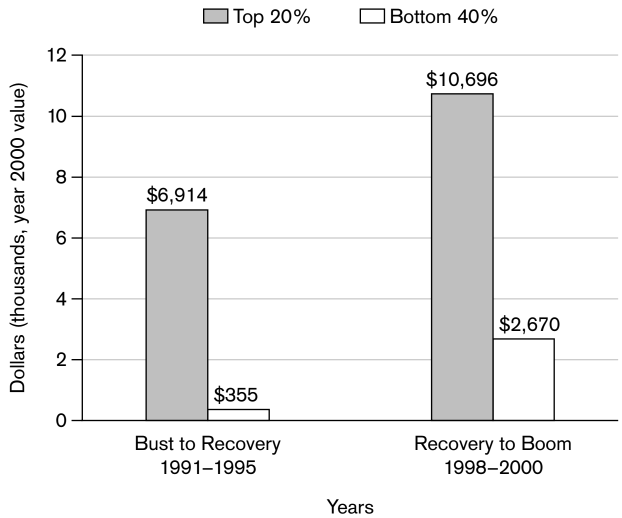


FIGURE 2.6 Changes in Median Household Income in California among the Top 20 Percent and Bottom 40 Percent, Bust to Recovery and Recovery to Boom, 1991–2000

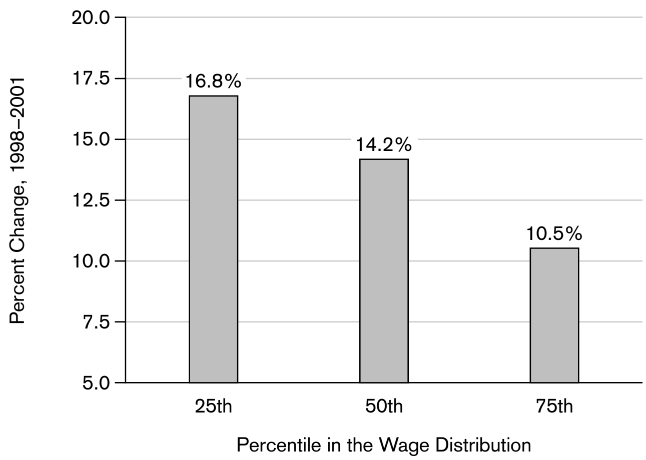


FIGURE 2.7 The Flattening of the California Wage Distribution during the Boom, 1998–2001

*http://www.calmis.ca.gov/htmlfile/subject/occup$.htm*). We calculated the estimates in the figure using employment weights—that is, by taking the quartile estimates for each occupation and weighting each one by that occupation's percentage share of total employment (dropping any occupation for which either employment estimates or confirmed wage markers for the deciles were not available). As a result, our estimates exclude 6 percent of total employment. We followed these procedures to maintain consistency with the 1998 estimates, since no aggregate data were available for that year, and we had to follow a similar strategy using employment weights.

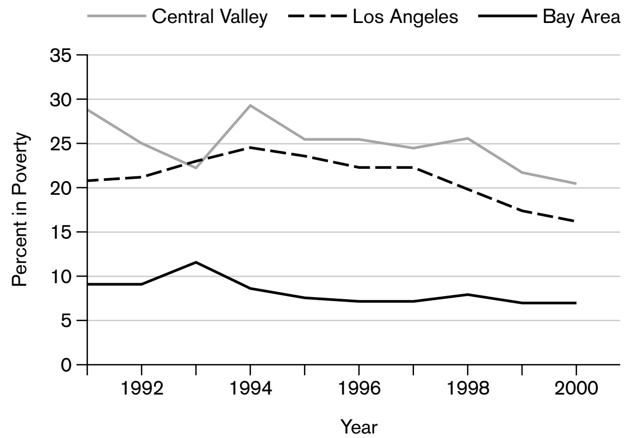


FIGURE 2.8 Poverty Rates in California, Selected Regions, 1991–2000

In these final years of the long recovery and boom, workers at the bottom end of the wage distribution fared better (in percentage terms) than those at the top did.

Figure 2.8 provides evidence that there was also a narrowing of the wage distribution by region as well by the end of the recovery. At the start of the 1990s poverty rates sharply diverged among the three regions shown. But by the end of the decade prosperity was beginning to spread more evenly in the state, as indicated by the more rapid declines in poverty rates in Los Angeles County and the Central Valley, which had lagged far behind San Francisco earlier in the 1990s.[9]

The recovery seems to have had less impact on inequality among racial and ethnic groups in California, except at the very end of the decade. Figure 2.9 shows household income from 1991 to 2000 for the four major ethnic groups in the state.[10] On average, the annual income of Anglo households was flat during the early 1990s but began to rise by mid-decade and continued on a generally upward trajectory. Latino households, however, had declining incomes, on average, through the middle of the 1990s; and although they finally began to fare better starting in 1996, the Anglo-Latino gap remained large.[11]

9. The estimates of regional differences in poverty are from the March Supplement of the CPS. The "Bay Area" refers to the San Francisco, Oakland, San Jose, Santa Rosa, and Vallejo PMSAs (Primary Metropolitan Statistical Areas); "Los Angeles" refers to the Los Angeles–Long Beach PMSA; and the "Central Valley" refers to the Bakersfield, Fresno, Merced, Modesto, Stockton, and Visalia MSAs (Metropolitan Statistical Areas).

10. We use the term "Latinos" for people the CPS calls "Hispanics" and the term "Anglos" for those the CPS calls "non-Hispanic whites," as Latinos may be of any race. Our use of "African Americans" and "Asians" refers to what the CPS calls "blacks", and "Asians and Pacific Islanders," respectively.

11. Many analysts attribute the Anglo-Latino earnings gap to immigration. Although immigrant Latino households do earn only about 56 percent of households headed by U.S.-born Anglos,

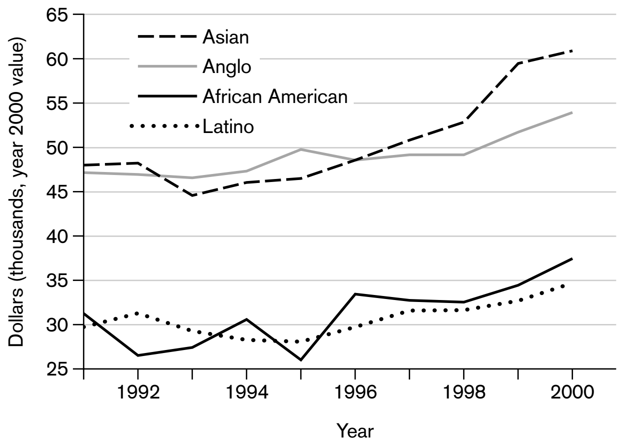


FIGURE 2.9 Median Household Income in California, by Race and Ethnicity, 1991–2000

The trend for African-American households mirrors that for Latinos, with somewhat greater volatility during the recession of the early 1990s.[12] Asian households did well on average over the 1990s, with their increases outpacing those of Anglos. It is important to remember that this is a very diverse group, with some Asian subgroups experiencing poverty rates that rival those of inner-city African Americans and Latinos, while others have earnings comparable to or higher than those of Anglos. Still, the higher figures for Asian household income shown here are consistent with national data and reflect both larger average household size (with more employed members per family) as well as the good fortune of Asian immigrants who came as high-tech workers in the late 1990s.

While the tight labor market of the late 1990s was probably a key factor in helping low-skilled workers bid up wages, some California policymakers, labor unions, and others were successful in efforts to improve employment conditions during this period. One of the most important policy changes was a long overdue series of increases in the state minimum wage, which rose from $4.25 to its present rate of $6.75 per hour, a 59 percent increase, between 1996 and 2001. Although still not enough to provide a decent standard of living in California's high-cost cities, the increase did raise wages for a large number of workers at the bottom. Reich and Hall (2001) estimate that the 1996–98 increase from $4.25 to $5.75 per hour benefited roughly 1.33

U.S.-born Latino households still earn less than 80 percent of their Anglo counterparts' annual wages—and the gap has not narrowed much over the 1990s. We discuss immigration later, when we consider the effects of the recession.

12. Because the sample sizes for African Americans and Asians are much smaller than those for Anglos and Latinos (the latter are the state's two largest subpopulations), the annual differences for those groups may not be as statistically reliable. We are therefore cautious about placing too much emphasis on the volatility of African Americans' household income during the early 1990s.

million workers; and although no precise figures are available for the later increases, hundreds of thousands of workers likely gained.

California has also been a leader in the national living-wage movement. Eleven living-wage ordinances have been passed by local government entities around the state, and nine other living-wage campaigns are now under way. Living-wage laws affect fewer workers than a minimum wage does, as they usually apply only to employers that do business with or receive assistance from the local government. But for workers who are covered, living-wage laws set much higher standards than do minimum wage laws—ranging in California from about $8 to close to $12 an hour, not including provisions for health care benefits (ACORN 2002). Living-wage initiatives cover an estimated 20,000 workers in San Francisco and another estimated 18,000 workers in Los Angeles.[13] Living-wage laws also signal the power of community and labor groups to monitor and regulate business behavior, with potentially important side effects for both union bargaining and community-level bargaining to secure employer commitments to living-wage policies when public subsidies for real estate development are involved.

Several important union victories also benefited low-wage workers in specific sectors and regions during the 1999–2001 boom. The 2000 janitors' strike in Los Angeles reaped a harvest of significant improvements in wages and benefits for some 8,000 janitors, 10 years after their initial bargaining agreement of 1990.[14] The unionization of about 145,000 homecare workers over the past decade brought significant wage gains in that industry as well. Although homecare workers in southern California have yet to realize those gains, over 40,000 homecare workers in northern California have won higher wages, ranging from $8.50 hourly in Sacramento and San Mateo counties to $10.00 hourly in San Francisco, in addition to health insurance benefits.[15]

These numbers are relatively insignificant in the context of California's labor force as a whole, but the living-wage and unionization campaigns have helped build awareness of the widening income inequality in the state and the need for structural change. As a result, and together with the pressure of a tight labor market, earnings finally began to improve for workers at the bottom of the labor market in the late 1990s. The events of 2001, however, put those advances in both public consciousness and worker income at risk.

13. Ken Jacobs, organizer with the Bay Area Organizing Committee, provided the San Francisco estimate; Carolina Briones, of the Los Angeles Alliance for a New Economy, provided the Los Angeles estimate. The Los Angeles figure includes the roughly 13,000 workers covered under city contracts with employers that have low-wage workers, as well as another 5,000 workers covered under negotiated agreements with developers.

14. Stephanie Arellano, of the UCLA Center for Labor Research and Education, provided the number of covered workers.

15. The California Homecare Council provided these estimates.

## THE CURRENT RECESSION AND ITS DISCONTENTS

The current national recession officially began in March 2001,[16] sparked by a sharp decline in business investment, particularly in the computer equipment, software, and Internet industries. The slowdown, along with the earlier slippage in the stock market, led to growing nervousness on the part of consumers—many of whom began to worry about their job security and to struggle to make payments on the debt they had accumulated over the boom years. Developments in international trade also played a role, with export sales declining in response to the world economic slump. Thus, what started as a drop in business investment became a more generalized recession, with the economy in the doldrums well before the attacks of September 11.

Evidence of the economic downturn showed up some months earlier in California than elsewhere in the nation, not surprisingly given the state's large share of high-tech employment and its globally integrated economy. In Silicon Valley unemployment had begun to rise in January 2001, at first reflecting the normal post-holiday trough, but then just continuing to climb. With the region's Santa Clara County leading the plunge, California as a whole began to experience the downturn by March 2001, along with the rest of the nation. Figure 2.10 shows the number of California workers filing for unemployment insurance benefits from January 1999 through June 2002. The first jump in claims was in March 2001, followed by a second jump right after the September 11 attacks. (There was a sharp decline in December 2001, but its immediate reversal in January suggests that the the blip was largely due to a change in unemployment insurance legislation that increased benefits for those who applied starting in January 2002, which led some claimants to delay their filing.)

Two other indicators—changes in unemployment and employment—tell a similar story about the timing of the recession. The state's unemployment rate, which had hit a low of 4.7 percent in February 2001, began to rise in March and continued on that path through January 2002; at this writing (summer 2002) it seems to be holding steady at about 6.4 percent. A substantial net drop in the employment level occurred during the second quarter of 2001, followed by an even bigger net decline in the quarter after September 11. Figure 2.11 breaks down these net changes in employment into gross job loss and job creation. It shows that many jobs were lost in both the second and fourth quarter of 2001, but that fewer jobs were created in the fourth quarter, accounting for the larger net job loss in the latter period. Job loss began to abate and job creation rose in the first quarter of 2002, signaling the possible end of the downturn. But in the second quarter of the year job creation fell again,

16. The Business Cycle Dating Committee of the National Bureau of Economic Research (NBER) defines the beginning of a U.S. recessions using a series of indicators measuring a significant decline in activity spread across the economy that has lasted longer than a few months and that is evident in industrial production, employment, real income, and wholesale and retail sales. See *http://www.nber.org/cycles.html*.

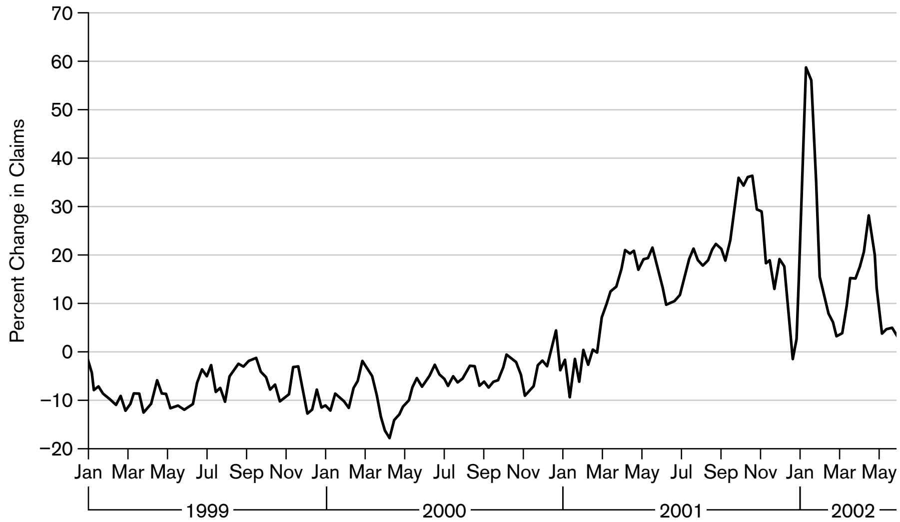


FIGURE 2.10 Initial Unemployment Claims, January 1999 to June 2002: Percentage Change from the Prior 52 Weeks

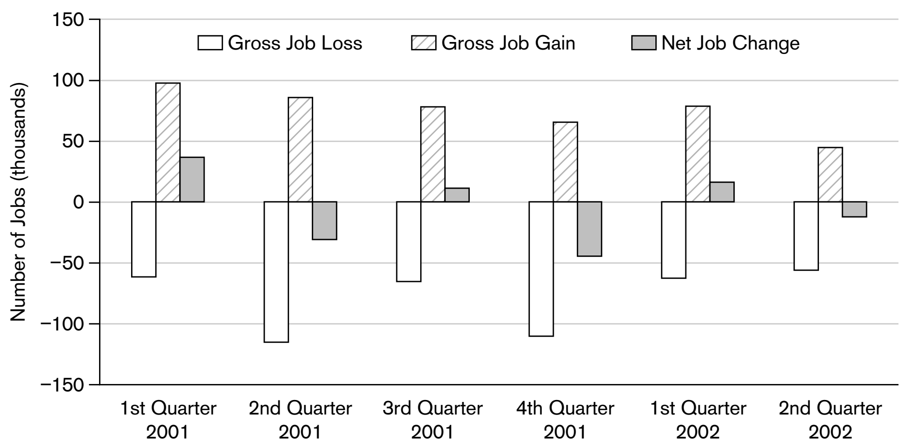


FIGURE 2.11 Gross Job Loss, Gross Job Creation, and Net Job Change in California, First Quarter of 2001 to Second Quarter of 2002

leading once more to a net loss in jobs. Over the entire period from January 2001 to June 2002, California had a net loss of 69,600 jobs.

### A Sectoral and Regional Look at the Downturn

The recession has not affected all sectors and regions in California evenly. Figure 2.12 shows the five sectors (at the two-digit SIC level) that experienced the greatest

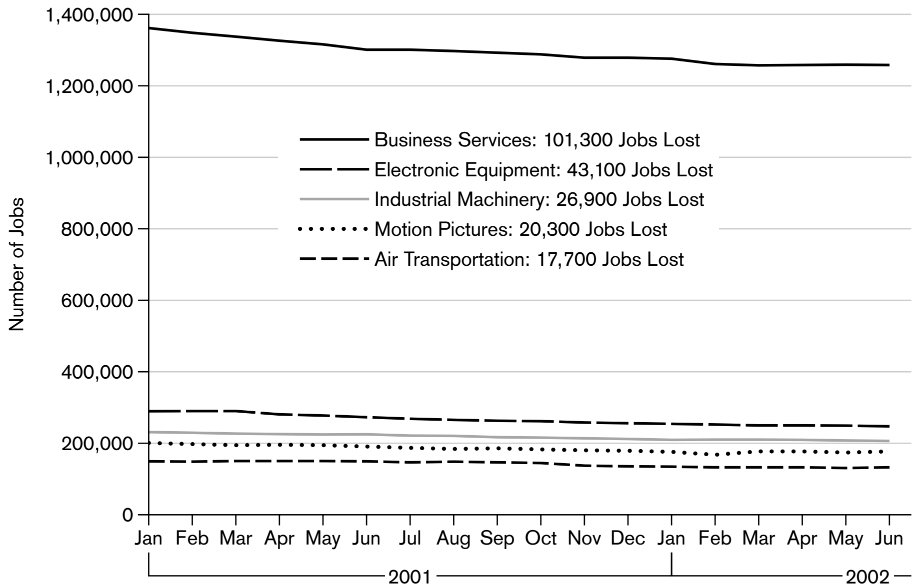


FIGURE 2.12 The Five California Industries with the Largest Net Job Loss, January 2001 to June 2002

absolute job loss during the year 2001 and the first half of 2002.[17] The business services sector suffered by far the largest losses, partly because it includes the computer services industry, which alone lost 35,000 jobs.[18] Two of the other sectors shown—electronic equipment and industrial machinery manufacturing, which lost 43,100 and 26,900 jobs, respectively—also include large numbers of high-tech firms. In contrast, the three sectors most directly affected by 9/11—air transportation and (not shown in the figure) the amusement and hotel sectors—accounted for a relatively small portion of the overall recessionary job loss. Of those three, air travel experienced the largest loss, at 17,700 jobs.

Of course, even during a recession there is considerable job creation. Key growth sectors in California between January 2001 and June 2002 included health services, which added 45,100 jobs, eating and drinking establishments, which added 51,200 jobs, and local government, which added 113,000 jobs (mostly public school teachers).[19]

Not surprisingly given the disproportionate importance of the high-tech sector in the state's overall job loss, this recession has had a much more pronounced impact

17. The data in Figure 2.12 are from EDD; see *www.edd.ca.gov.*

18. The estimate of 35,000 jobs lost in the three-digit SIC computer services industry is not seasonally adjusted, because such job-loss data are available only at the two-digit level. The estimate is thus not strictly comparable to the job-loss estimates for the two-digit sectors shown in Figure 2.12.

19. EDD data; see *www.edd.ca.gov.*

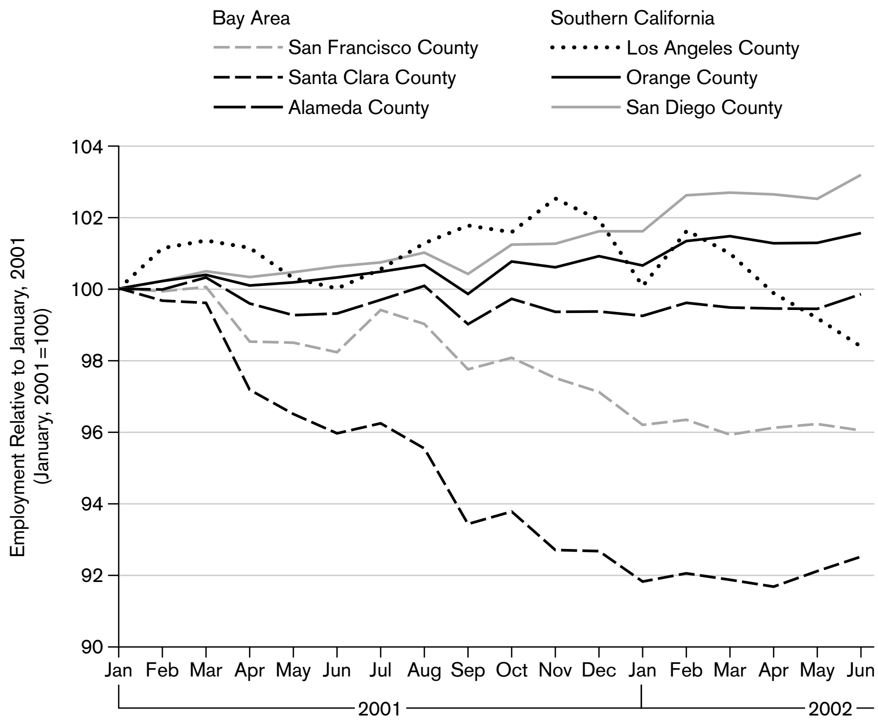


FIGURE 2.13 Employment Change in Key Bay Area and Southern California Counties, January 2001 to June 2002

on the San Francisco Bay Area than on the rest of the state, as Figure 2.13 shows.[20] In the north employment fell precipitously in Santa Clara County, home to the Silicon Valley, while San Francisco County was only somewhat better off (although Alameda County was more stable).[21] In contrast, San Diego and Orange Counties, in the south, actually saw healthy job growth throughout 2001 and the first half of 2002. Los Angeles County was also nearly immune to the recession until the beginning of 2002, although it has experienced major job losses since then.

### From High-Tech to Shipwreck?

During the recession Californians have focused most of their concern on the collapse of Internet-based businesses in the Silicon Valley. But in fact the downturn there has affected many industries in the information technology sector, as shown in Figure 2.14.[22] Several factors converged to produce the general collapse.

20. *Ibid.*
21. In Santa Clara County, unemployment grew almost sixfold, from an all-time low of 1.3 percent in December 2000 to 7.6 percent in June 2002.
22. The industries shown in the figure follow Steven Levy's (2002) definition of the information technology sector. The data are from EDD; see *http://www.calmis.ca.gov/htmlfile/subject/*

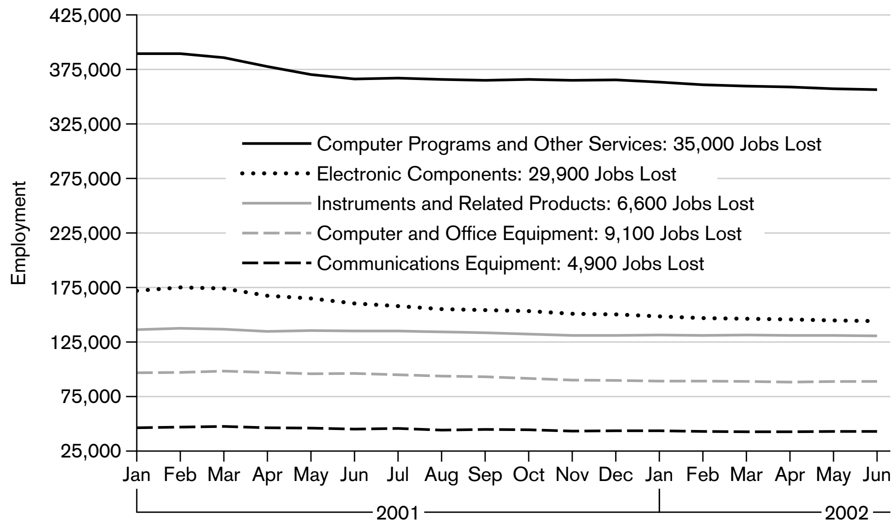


FIGURE 2.14 Employment and Net Job Losses in Information Technology Industries, California, January 2001 to June 2002

One was a sharp reduction in the supply of venture capital for Internet businesses, as their promised profits failed to materialize and some firms went belly-up. Another was the implosion of the telecommunications industry, a problem that is ongoing and recently intensified with the announcements of futher accounting scandals. The telecom industry had spent billions of dollars building fiber-optic networks for Internet connections, but when the projected demand for so much bandwidth did not materialize, many Internet service providers went out of business (O'Brien 2002). Domestic and international sales of high-tech equipment have also slowed with the national recession and the world economic slump. Capital spending on technology fell 17 percent nationally in just the last quarter of 2001, and California's exports of computers and electronic equipment—which make up about half of the state's total exports—fell 30 percent in 2001 (Leiser 2002: 6).

At least part of the decline has been cyclical. As the national economy began to revive in the spring of 2002, employment in the Silicon Valley started to level off, and some forecasters were predicting a resurgence of strong growth in the high-tech industries (Lieser 2002; Levy 2002). But the recent news is not all good. In the words of one business reporter, the "high-tech hangover isn't over" (O'Brien 2002). With sales of networking and other equipment lagging, unemployment is likely to persist in the Silicon Valley area, and possibly the wider San Francisco Bay Area or even the entire state. As both the main engine of economic growth in northern California and

*indtable.htm.* Note that since these are three-digit SIC industries, the only data available are seasonally *unadjusted.*

the creator of the state's highest paying jobs, the Silicon Valley, if its slump continues, is likely to be a drag on the state as a whole.

The corporate accounting scandals that broke across the nation in 2002 and the sharp reaction they have provoked from the stock market have led some analysts to raise the spectre of a double-dip recession, in which the tepid national recovery stalls because of a drop in consumer confidence. Of particular concern in California are the corporate bankruptcies now under way in the telecommunications industry, which might curtail business investment in related high-tech industries in California over the near term.

### The Economic Ripples of 9/11

As noted earlier, although the aftermath of September 11 affected only a small portion of California's overall job loss in this recession, it did hit a few sectors particularly hard. Air travel was the most obvious victim, as 80,000 workers in the industry nationwide were immediately laid off. The decline in air travel then affected tourism as a whole. The hotel sector experienced an immediate drop in demand as trips and conventions were cancelled. The amusement and recreation sector also suffered, though to a lesser extent, as the public avoided potential terrorist targets such as theme parks and sports stadiums. Approximately 24,600 jobs were lost in air travel, hotels and other lodging, and amusement and recreation services in the last quarter of 2001 immediately after the attacks, as Figure 2.15 shows. Together, these sectors comprised only 4 percent of all jobs in California in 2001, but they accounted for about one-third of the job loss in the three-month period immediately following the attacks. The amusement and recreation industry has almost completely recovered to pre-9/11 levels, but air travel and hotels have not yet done so. Cutbacks in each of these sectors had ripple effects throughout the economy, as well, as suppliers lost customers and workers reduced expenditures.

However, not all the problems in either the air travel or the hotel sector can be traced to the attacks. Before September 11, the commercial airlines were already in trouble, because of both unresolved, longstanding structural problems and the national and global economic slump (Belobaba 2002). Similarly, hotel occupancy rates, particularly in the large and more expensive hotels, had started falling as early as February 2001 in the Silicon Valley and other parts of the Bay Area, due to the decline in business travel there (Strasburg 2001)

A disproportionate number of the jobs that were eliminated in the wake of 9/11 were unionized jobs. Air travel, hotels, and amusements are much more heavily unionized than the economy as a whole, with an average union density, weighted by the number of jobs, of 25 percent, compared to about 10 percent for all private sector workers in California. Using a simple calculation of average union density multiplied by the number of layoffs in each of these industries, we estimate that air

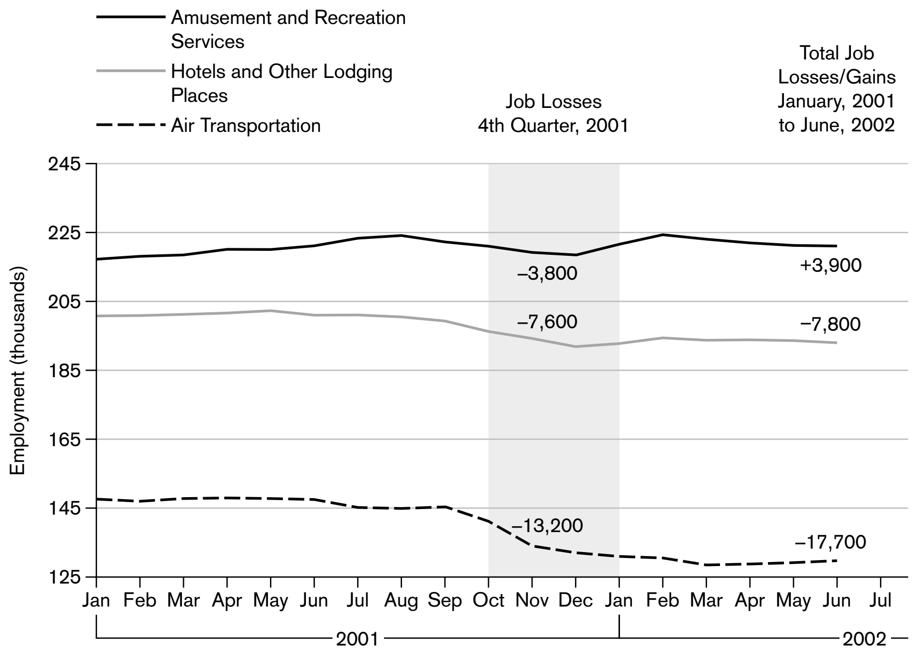


FIGURE 2.15 Employment and Net Job Losses/Gains in Key Sectors Affected by the 9/11 Attacks, California, January 2001 to June 2002

transportation lost about 6,000 union jobs, and the hotel and amusement sectors each lost about 1,700 union jobs over 2001.[23] For hotels this is a highly conservative estimate, since layoffs occurred mostly in the highly unionized large hotels in the major downtown tourist markets of San Francisco and Los Angeles, rather than in the less often unionized hotels and motels in other parts of the state. The Hotel Employees and Restaurant Employees International Union (HERE) reported that after September 11 about one-third of its members lost jobs in San Francisco, and about 40 percent of its members in Los Angeles County were either on layoff or working reduced hours. In both cities HERE set up food banks and other services for laid-off hotel workers (Silverstein et al. 2001; Kasler 2001).

Job loss and underemployment are not the only consequence of downturn, of course. In addition to layoffs, airlines have been asking their employee unions for wage and benefit concessions, often as part of their application for federal loan guarantees. US Airways, for example, recently negotiated $465 million per year of cuts in wages and benefits for its pilots and $77 million per year of cuts for its flight attendants (*San Francisco Chronicle* 2002).

23. The data on employment are from the EDD; see *http://www.calmis.ca.gov/file/ lfother/fig8.htm.* The estimates of union density were calculated from the CPS.

### Distributional Consequences of the Recession

The consequences of the current recession for the patterns of income distribution in California are complex, and detailed data on wages and income are not yet available. The crash in Silicon Valley affected the upper echelons of the income distribution and eliminated wealth in the form of overinflated stock holdings and options. That may temporarily narrow the gap between the rich and the middle class, but it is hardly a sign of economic health. In contrast, for those at the bottom of the labor market, the effects have been more clearly negative. Figure 2.16, for example, charts the 12-month moving average for unemployment rates by race and ethnicity.[24] As it shows, the gap between African Americans and Anglos narrowed at the end of the boom but widened again in the recession. Latino unemployment has been more stable, albeit several points higher than that experienced by Anglos.[25]

The terrorist attacks also affected workers of color by triggering a resurgence of anti-immigrant sentiment. The most dramatic illustration is the case of airport baggage screeners. Considerable media coverage highlighted baggage screening as a weak link in airport security, exposing the 400 percent turnover at Boston's Logan Airport, where two of the hijackings had taken place. This high turnover is a consequence of the airlines' practice of subcontracting security services to the lowest bidder, which routinely depressed workers' pay to the minimum wage (Reich et al. 2002). The decision to federalize these jobs will lead to wage improvements, but the new requirement that screeners be citizens will freeze out large numbers of the current workforce, many of whom are immigrants, especially in California.

In addition to the particular difficulties facing immigrants and people of color, low-wage workers in general will be hurt by the recession. The tight labor market of the late 1990s has disappeared, and long-term trends in wage inequality may soon reassert themselves. Moveover, the state's budget crisis will affect the distribution of recessionary "pain" among different groups in California. The downturn has caused a huge contraction in two major sources of state tax revenues: the personal income tax, and the even more volatile capital gains tax, which yielded enormous revenues during the boom but has collapsed in the last two years. Although the governor had not yet signed the state's 2002–03 budget at this writing, the deficit is now close to $24 billion, and the shortfall is expected to last a number of years. A California Budget Project analysis (2002) estimates that over one-third of the proposed budget cuts will disproportionately affect low-income families.

24. Because of the averaging in the state's reported estimates (to remove excess volatility stemming from seasonality and limited sample sizes and thereby focus on medium-term trends), the effects of the first quarter 2001 increase in unemployment do not show up until summer 2001.

25. The estimates on unemployment rates by race and ethnicity are from EDD; see *http://www.calmis.ca.gov/file/lfother/fig8 .htm.* Unfortunately, comparable data on Asians are not available.

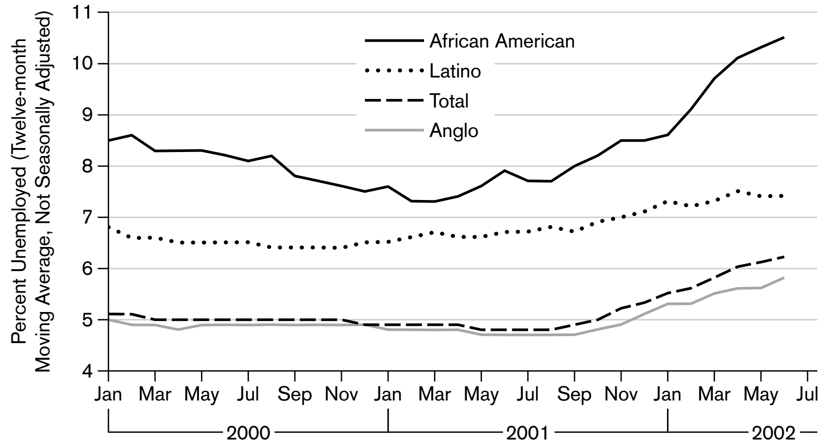


FIGURE 2.16 Unemployment Rates in California, by Race and Ethnicity, January 2000 to July 2002

**What's Different about This Recession?**

This recession differs from the recession of the early 1990s in ways that may have important implications for the future. Figures 2.17a and 2.17b allow a comparison of the unemployment rates for the state and three of its key counties over the course of the two recessions.[26] Unlike during the worst of the earlier recession, the current statewide unemployment rate is relatively low, and the turnaround—which some observers believe is occurring now—may be more rapid. Los Angeles led the state's downturn in the earlier period, but Santa Clara County is the leader in the current recession. Unemployment there, in the Silicon Valley, soared much more rapidly than it did a decade earlier in Los Angeles. In general, there seems to be greater regional variation in the current period, regarding both the recession overall and the specifics of employment losses and gains.

The previous recession was a lengthy one: While the trough of the national recession occurred in March 1991, California and especially Los Angeles suffered lingering joblessness for several years after that. This was largely because that recession coincided with a *permanent* decline in durable goods manufacturing (particularly aerospace), as the California economy adjusted to the end of the Cold War and to the ongoing shift of traditional manufacturing overseas.

26. In each case, the estimates are for the period starting a year before the official beginning of the recession. (July 1990 and March 2001 are the official starting dates for the respective national recessions, and so we begin at July 1989 and March 2000.) For comparability, each graph has space for five and a half years of estimates, which allows us to the cover the whole recession and recovery of the early 1990s. Of course, in the case of the current recession, data are not yet available for the full period.

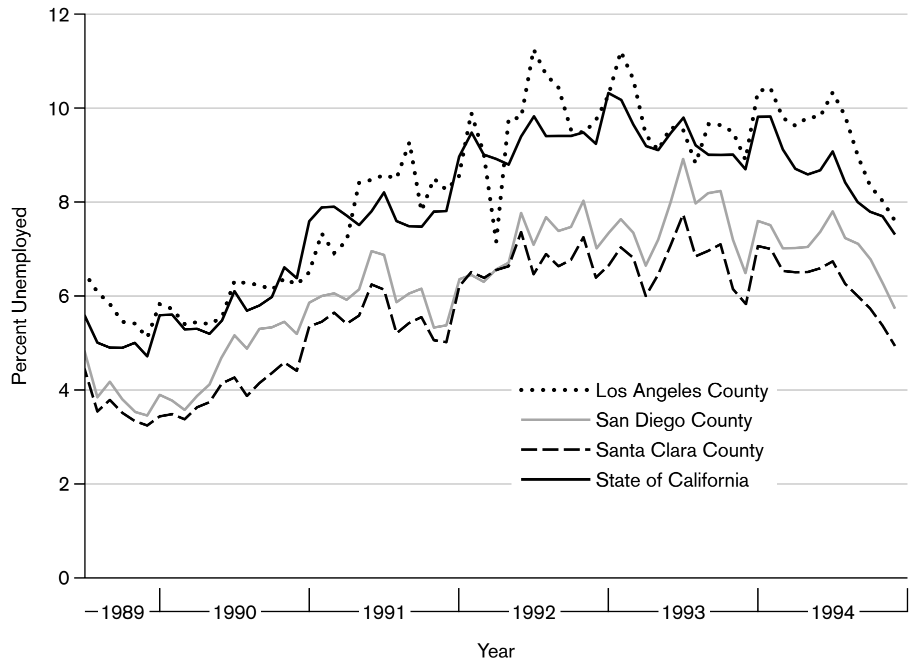


FIGURE 2.17A Unemployment Rates in California and Selected Counties, July 1989 to December 1994

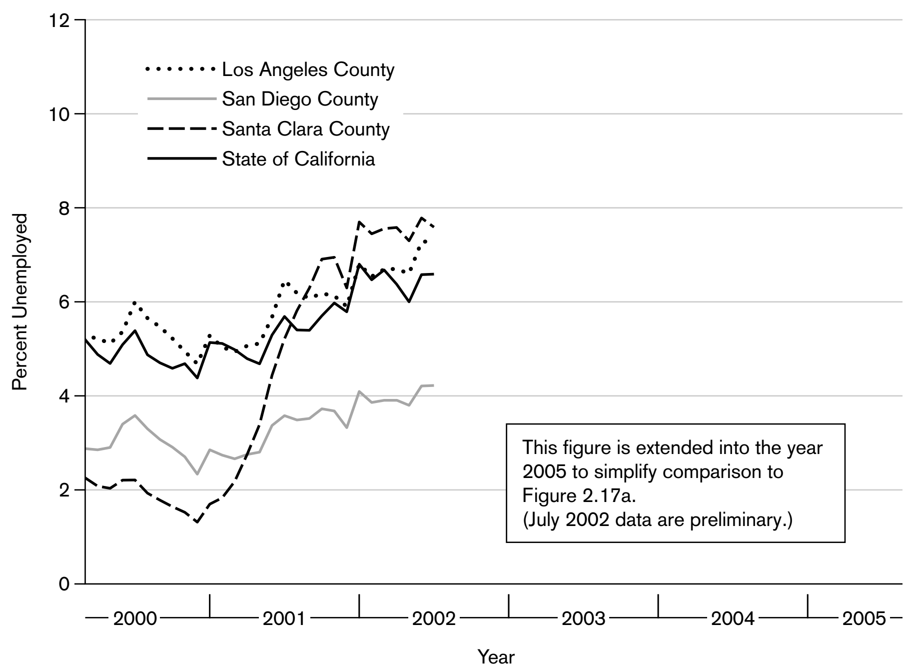


FIGURE 2.17B Unemployment Rates in California and Selected Counties, March 2000 to July 2002

What about the future? Some analysts have suggested that because the key nodes of employment loss in the current recession—high technology and the sectors affected by 9/11—are cyclical, the prospects for a long-running slowdown are slim. In this view the state's leading growth sectors, particularly high tech, are still well positioned to be the engine of growth in the coming years, and tourism is already coming back. The unemployment rate has declined somewhat in recent months. Nevertheless, the previous recession also showed signs of an early recovery, but those signs turned out to be short-lived (Figure 2.17a).

The current recovery, particularly in the technology sectors, is still uncertain, and, as noted above, the recent turmoil in the nation's stock markets is doing little to help with business and consumer confidence. Even the most bullish prognosticators are pointing to a jobless recovery, at least in the early phases, as firms hesitate to hire new employees while product demand remains uncertain and instead force their incumbent employees to work longer hours.

### Thinking to the Long Term

As always, California will eventually emerge from the current doldrums. While the state has been hurt in the short run by its disproportionate share of jobs in computer services and high-tech manufacturing, its strength in these sectors is likely to constitute a competitive advantage over the long term. In addition, tourism, hotels, and entertainment are likely to rebound as nerves calm and travel continues to recover; and agriculture, manufacturing, and construction will likely contribute their share to any recovery. But the fundamental asset that attracts new investment and production to the state, in these industries and elsewhere, is the diversity and skill of the California labor force.

This crucial asset may be at risk. While the boom may have convinced many of the tremendous vitality and potential of the new economy, the recession has exposed its downside for many workers. Labor market flexibility helped businesses respond quickly to competitive challenges on the way up, but the temporary workers who made that flexibility possible have found the ride down a bumpy one. Not only have they been laid off with ease, they are enjoying less access to public and private safety nets than their counterparts with permanent jobs. And while the last few years of the 1990s finally began to improve the lot of those at the bottom of the California income distribution, recession has already put those gains in jeopardy.

Improving worker outcomes during both boom times and recessions is not a luxury. Recent research suggests that high levels of inequality erode the worker productivity and social cohesion necessary for economic growth (Pastor et al. 2000). Specific worker-friendly policies—such as higher minimum wages, living-wage laws, expanded health care coverage, improved job training, and reform of unemployment insurance and other social insurance programs—can serve not only as immediate relief but also as tools for navigating the longer-term changes in the state's new economy. Such strategies, which spread the risks of the new economy and widen the circle of its beneficiaries, can in turn help sustain long-term growth.

The immediate impact of the current recession and the state's fiscal crunch seem to point in the opposite direction: creating pressures for cuts in wages, employment, and public investment. Labor and community groups have encountered new obstacles in pressing for the social policies, such as living-wage laws, that were on the agenda only a year ago. But letting the equity issue fade would be extremely shortsighted. It is now more critical than ever to ensure that both short- and long-run policy decisions remain focused on the state's historic commitment to providing access to opportunity for all its working families and communities. California's future demands nothing less.

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# The 2001–2002 California Workforce Survey

## BACKGROUND, METHODS, AND SAMPLE

THOMAS PIAZZA,
NEIL FLIGSTEIN,
and MARGARET WEIR

THE 2001–2002 CALIFORNIA WORKFORCE SURVEY (CWS), SPONSORED by the Institute for Labor and Employment of the University of California, assesses the current state of the California workforce. It is the basis of the analyses in the next two chapters in this volume, by Fligstein and Sharone and by Weir. The survey, conducted by the Survey Research Center at the University of California, Berkeley, collected data by telephone on Californians' attitudes toward a wide range of issues, as well as data on the status, conditions, and practices of employment in the state. The interviews took place from July 10, 2001, to January 27, 2002.[1]

### SAMPLING METHODS

There are two telephone samples in the CWS. The first and larger sample is a cross-sectional sample of California adults eligible for the interviews, according to the criteria set for the survey: respondents had to be adults (ages 18 or over), living in a residential household, and able to be interviewed in English or Spanish. For the cross-sectional sample the survey team succeeded in conducting completed interviews with 1,255 adults, 140 of which were in Spanish. The response rate was 50.8 percent. The second sample was a supplementary oversample of unionized workers. The purpose of the oversampling was to increase the number of unionized workers in the sample to facilitate comparative analyses of unionized and nonunionized workers. In the union-member oversample, households were selected as in the cross-sectional sample, but only adult union members working full- or part-time at the time of the interview were eligible for an interview. The supplementary sampling yielded interviews with an additional 149 unionized workers, 6 of them in Spanish; the response rate for this sample was 70.2 percent.[2]

1. Note that the interviewers asked those not working at the time of the interview most of the attitudinal questions in the survey, but of course, for those respondents, they had to skip any questions about current jobs. The text of the questions asked on the survey instrument is available online at *http://sda.berkeley.edu:7502/D3/Calabor/Doc/cal.htm* (under "Indexes").
2. For further details on the sampling outcome, see *ibid.,* "Appendix C: Field Outcome." For the

GENESYS Sampling Systems generated the samples of telephone numbers using a procedure called list-assisted random-digit sampling. This method preserves the characteristics of a simple random sample but takes advantage of the availability of large computer databases of telephone directory information to make the sampling more efficient. The procedure allowed the survey team to reduce the number of calls to nonworking telephone numbers and to obtain a higher proportion of households in the sample than would be possible with simple random-digit dialing.

Briefly, the method works as follows. All possible telephone numbers in the state of California are divided into two strata—telephone numbers from series of 100 numbers with zero or one residential listing in the telephone directories, and telephone numbers from series with at least two such listings. The sample of telephone numbers used for this project was then generated with random numbers, in order to include unlisted numbers, from the stratum containing series of telephone numbers with at least two residential listings. The stratum containing series of telephone numbers with zero or one residential listing was unlikely to contain many residential numbers and therefore was excluded from the sampling frame. For a detailed description of this sampling method, see Casady and Lepkowski (1993).[3]

## WEIGHTING PROCEDURES

The survey statisticians created weights for each respondent case to compensate for the oversampling of unionized members and for other differences in probabilities of selection. They also constructed a post-stratification weight to adjust the sample to match certain basic demographic distributions of age, race and ethnicity, education, and gender in California. A description of each weight appears in the codebook for the survey.[4] The analyses in this volume are generally based on use of the post-stratification weight.

## COMPARISONS WITH CENSUS AND CPS DATA

To assess how closely the CWS sample reflects California's population, we compared some of the aggregate statistics from the survey with published statistics from

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supplementary sample the response rate is the product of the rate of successful screening for union households by the completion rate for the selected union members.

3. For further details on the survey procedures, see *ibid.,* "Appendix A: Sample Design."

4. For a more complete description of the weighting procedures, see *ibid.,* "Appendix B."

the 2001 U.S. Current Population Survey (CPS) and the 2000 U.S. Census. (In these comparisons we weighted the survey results for probabilities of selection but did not post-stratify them by age, race and ethnicity, education, or gender.) According to the 2000 Census, 73 percent of Californians were born in the United States. The CWS sample has the same percentage of native-born respondents. Comparing the 2000 Census and the survey data on racial and ethnic compostition shows some differences, however: with Anglos at 48 percent in the Census versus 57 percent in the survey; Latinos at 32 percent versus 28 percent; Asians at 11 percent versus 8 percent; African Americans at 6 percent versus 5 percent; and Native Americans at 0.5 percent versus 1.5 percent.[5] Our sample is thus less racially and ethnically mixed than the Census data are, probably reflecting a higher response rate among Anglos.

According to the CPS, the California unemployment rate in 2001 averaged 5.2 percent; in the survey the reported unemployment rate was 5.1 percent (looking only at the cross-sectional sample). The 2000 Census reports that 60 percent of Californians had attended at least some college, whereas in our sample 65 percent had attended some college, reflecting a somewhat higher response rate among those with higher education.

The CPS reports that in 2001 unionized workers represented 16.4 percent of the employed population in California. In the CWS cross-sectional sample, unionized workers represented 18.1 percent of those currently employed. The 2000 Census reports that 35 percent of Californian workers were managers or professionals, whereas the cross-sectional sample in the survey contains 39 percent managers or professionals. Finally, the 2000 Census reports that 16 percent of Californians worked for a government entity, while 22 percent of the employed respondents in the cross-sectional sample were government employees.

## CONCLUSION

As these comparisons show, the main discrepancy between the CWS sample and the more definitive census information is that the former drew somewhat more from Anglos, the college educated, and managers and professionals. These are common biases in surveys. The authors of the following two analyses in this volume attempted to counteract those biases by using the post-stratification weight we created to adjust the sample to CPS distributions of age, race and ethnicity, education, and gender. As with any sample, of course, one needs to be cautious in extending

5. In this volume we use the term "Latinos" for people the Census and the CPS call "Hispanics" and the term "Anglos" for those they call "non-Hispanic whites," as Latinos may be of any race. Our use of "African Americans" and "Asians" refers to what the Census and CPS call "blacks" and "Asians and Pacific Islanders," respectively.

the conclusions to the entire population, but we are confident that the CWS was well designed and executed in accordance with the highest standards. Furthermore, it has a wealth of information on jobs, working conditions, and public attitudes toward employment in California that is not currently available from any other source.

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# Work in the Postindustrial Economy of California

NEIL FLIGSTEIN
and OFER SHARONE

In recent years Americans have witnessed important changes in the nature of work.[1] The most striking of these is the ongoing shift from an economy based on manufacturing to one based on services. The state of California is in many ways on the leading edge of these changes. According to the 2001–2002 California Workforce Survey (CWS), which is the empirical basis of this chapter, only 13 percent of Californians work for companies in manufacturing.[2]

We have also seen striking changes in how work is organized. Scholars generally agree that from about 1950 until 1980, the American workplace operated under an implicit labor contract that granted core workers a certain degree of job and income security in exchange for allowing managers to control the firm (Osterman 1999; Harrison 1994). Firms rewarded workers' loyalty with steady benefits and cost-of-living wage increases. During the 1970s slow economic growth, relatively high unemployment, and high inflation combined to produce a severe economic crisis in the United States. Scholars and policymakers began to argue that a weakening of market forces in product and labor markets was at least partly at the root of the downturn. The basic public policy implication was that market deregulation would increase efficiency and stimulate economic growth. This view held sway and led to the deregulation of the trucking and airline industries. Later, the government deregulated the financial services, banking, telecommunications, and health care industries as well. The Reagan administration also challenged labor unions directly by decertifying the air traffic controllers' union in 1981.

This view of the cause of the economic crisis won out more generally in corporate America during the 1980s. The scholarly literature shows that the largest corporations began to embrace the idea that the central purpose of the firm was to maximize shareholder value, even at the expense of other stakeholders in the firm, namely, workers, communities, and oddly, customers (Fligstein 2001; Friedman 1985; Appelbaum and

1. We would like to thank Ruth Milkman, Tom Piazza, and Margaret Weir for their comments on an earlier draft.

2. The 2001 Current Population Survey also reports that 13 percent of the California workforce is employed in manufacturing. For a more complete comparison of the survey with the CPS and the 2000 U.S. Census, see Piazza, Fligstein, and Weir (this volume).

Berg 1996). For employees the resulting corporate reorganizations often entailed downsizing, layoffs, and cuts in benefits. Many firms also abandoned their American manufacturing plants by either getting out of manufacturing altogether or moving their production facilities offshore (Harrison and Bluestone 1988).

An important side effect of these changes was an increase in income inequality. Numerous scholars have documented the fact that less skilled workers have fared particularly poorly in this new economy (Freeman 1997; Blackburn, Bloom, and Freeman 1990; Farber 1997). The number of workers who are members of unions has also declined. Only 18 percent of the workers responding to the CWS were unionized, and many of them were in the public sector. Only 12 percent of the respondents working in the private sector were unionized.

One of the most interesting issues raised in recent commentary is how these changes have affected different types of workers. Some scholars (Bernhardt et al. 2001; Pfeffer and Baron 1988) have argued that all workers, regardless of skill level, have fared worse in the shareholder-value era. Schor (1992, 1998) found that all types of workers have taken on more work hours, partly to meet the demands of their employers, but also to make more money to consume more goods and services. Other scholars have claimed that the new postindustrial economy has generously rewarded workers who possess scarce skills, and that the growing income inequality stems more from rising incomes among the most highly skilled workers than from falling wages among the less skilled (Katz and Murphy 1992; Levy and Murnane 1992). Osterman (1999) has argued that both have happened. But as Blair and Kochan (2000) have asserted, the economy may be providing inordinately good opportunities for those at the top of the occupational hierarchy and fewer opportunities for those at the bottom.

It is this last hypothesis that we explore in this chapter. Using the new estimates available in the CWS, we find that there are good opportunities for income and satisfying work at the top of the occupational and skill distributions but few such opportunities at the bottom. Managers and professionals in California are doing extraordinarily well when it comes to opportunities to earn income. But they are also facing new challenges in their jobs. Many of them report working long hours and being tied to their cell phones and pagers after hours. Most managers and professionals like their work and workplaces, but many are also having difficulties finding time for both work and family. Some also report being under pressure to work long hours because of tight deadlines and not having enough time to do all their work.

In contrast, clerical, sales, service, and blue-collar workers make much less money but actually work fewer hours than their more skilled counterparts. In fact, many of them wish they could have more hours of work to make more money. They are also less likely to have benefits on the job and are more fearful of layoffs. The main exception to this is unionized workers, who, as we shall show, have higher pay, more benefits, and greater job security.

Occupations and rewards in the California economy vary with gender, race, ethnicity, and nativity. Native-born Anglos top the income, education, and occupational hierarchies. African Americans have education levels similar to Anglos', but they are less apt to work in managerial or professional occupations, and they make less income. U.S.-born Latinos have lesser educations than African Americans and Anglos, lower level jobs, and less income. Foreign-born Latinos are at the bottom of the educational, occupational, and income hierarchies. Asian immigrants, on the other hand, have high levels of schooling, occupations, and income. Native-born Asian respondents have high education levels but lower incomes and somewhat lower occupations than Anglos. Women continue to be segregated in a few occupations and tend to work fewer hours and earn less money.

Indeed, the survey data offer a fascinating perspective on the postindustrial economy. For those with managerial and professional jobs, the economy is providing unprecedented opportunities to make a living. But it is also pressuring those same people to work harder for more hours and to be on call 24 hours a day, seven days a week. For those with fewer skills, the economy offers jobs with less income, fewer benefits, and fewer opportunities. Many of these lower level jobs are going to recent immigrants who have limited education. Although the jobs may be better than the alternatives the immigrants had in their home countries, the combination of declining wages and a rising cost of living is making it harder for them to make ends meet. The one thing that does improve the working conditions of clerical, sales, service, and blue-collar workers, is unionization. Our findings indicate that workers in unions, even outside of the government, have higher incomes, more benefits, and greater job security than their nonunion counterparts do.

## A PORTRAIT OF CALIFORNIA WORKERS

The CWS was designed to assess current work conditions in California. It yielded data from 1,255 respondents, who participated in telephone interviews for the survey between July 10, 2001 and January 27, 2002. Of the full sample, 911 were working at the time of their interview. This subsample of employed respondents forms the basis for our analysis in this chapter.[3]

### Earnings, Education, and Workweeks

California workers in the survey had a mean income of $37,689 a year. Income varied considerably across sociodemographic groups, however. Men averaged $43,299, while women earned substantially less, averaging $31,605. This difference is statistically significant.[4] Part of the gender gap is due to differences in hours worked. Women worked 6.5 fewer hours per week than men did, on average, a statistically significant

3. For more details on the survey and its methodology, see Piazza, Fligstein, and Weir (this volume).
4. We use two types of significance tests, depending on the type of comparison that we are making. We use a t-test if we want to compare the mean level of a variable across two groups. For

difference. If one breaks down yearly earnings by hours of work, the largest discrepancy between men and women appears among part-time workers. Whereas the earnings of men and women who worked full-time exhibit a smaller gap, men who worked part-time earned 25 percent more than women part-timers did.

There are also striking racial and ethnic differences in earnings, as Figure 3.1 shows. Anglos and foreign-born Asian workers earned the most, followed by U.S.-born Asians, African Americans, and U.S.-born Latinos, with foreign-born Latinos at the bottom. The U.S.-born Latino workers surveyed had average annual earnings of $31,441, while foreign-born Latino workers averaged only $19,037, less than half the average for Anglos, $45,726 a year. Although the lower earnings of Latino workers was partly due to their lower average number of years of schooling (Figure 3.2), the estimates also suggest that immigration status had important effects on earnings. Asian workers (both foreign- and U.S.-born) tended to have high levels of schooling, and they earned nearly as much as U.S.-born Anglos.[5] African Americans had relatively high levels of schooling and relatively low levels of income ($39,940). The income differences among Anglos, African Americans, and Latinos are statistically significant.

Not surprisingly, because of their lower earnings, foreign-born Latino respondents reported having much more trouble paying their monthly bills than any other group (not shown here). When asked whether they had a problem paying their rent or mortgage in the past year, 57 percent of these workers reported having a "very serious" or "moderately serious" problem, whereas the comparable figure for Anglos is only 12 percent, a statistically significant difference.

As shown in Figure 3.2, California's working adults had 13.4 years of schooling, on average, which means that most of them had obtained at least some postsecondary education. Men and women had almost the same amount of schooling. These are statistically significant findings. Dramatic differences in schooling, however, existed among the various racial and ethnic groups and between native and foreign-born workers. Anglos and African Americans averaged 14 years of schooling (implying at least two years of college). Latinos born in this country averaged 13 years of schooling, whereas Latinos born outside our borders averaged only 10 years of school. Asians, both U.S.- and foreign-born, averaged 15 years of school, the highest level of all the groups.

Respondents averaged 42 hours of work a week (not shown). The biggest demographic difference in work hours was between men and women (differences among

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example, if we want to know if the average number of years of school differs between men and women, we use the t-test. If we want to compare whether or not the distribution of a variable across two groups is different, we use a chi-square test. For example, we would use the chi-square test to see if occupational distribution of men and women is different. A statistically significant result suggests that the two means or the two distributions are different. We use the .05 level of probability to ascertain the statistical significance of the various differences. The .05 level is the conventional level to determine statistical significance.

5. The sample size for the Asian group is small, so that income estimates for them (although generally consistent with other available data) may not be reliable.

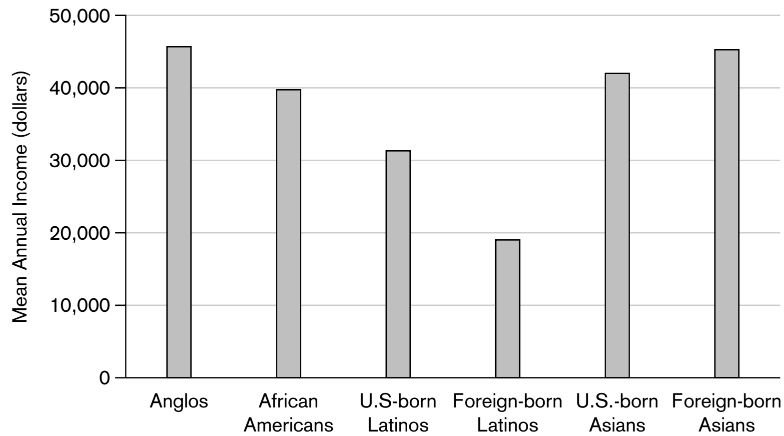


FIGURE 3.1 Respondents' Mean Annual Income, by Race, Ethnicity, and Nativity

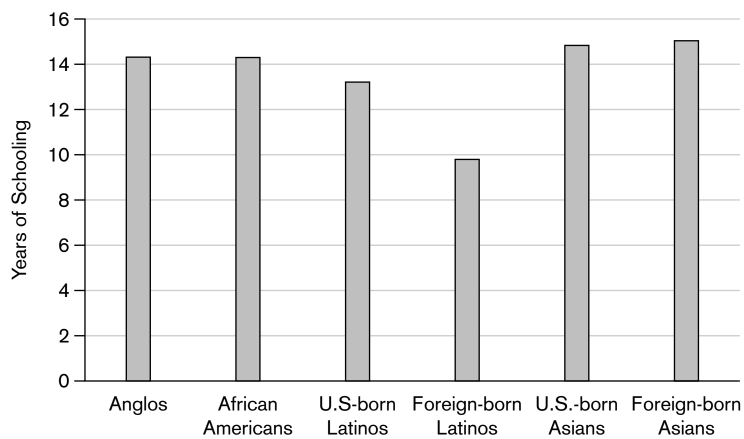


FIGURE 3.2 Respondents' Mean Number of Years of Schooling, by Race, Ethnicity, and Nativity

types of occupations are discussed later). Women's weekly hours worked averaged about seven hours less than men's. There were only slight differences, however, in weekly hours worked among racial, ethnic, and nativity groups.

### Occupations and Workplaces

Californians worked predominantly in government and nonmanufacturing private sector jobs. The vast majority worked outside manufacturing: Only 9 percent were service and blue-collar workers in manufacturing (not shown). Within the full subsample, 8 percent were managers, 26 percent were professionals, 25 percent

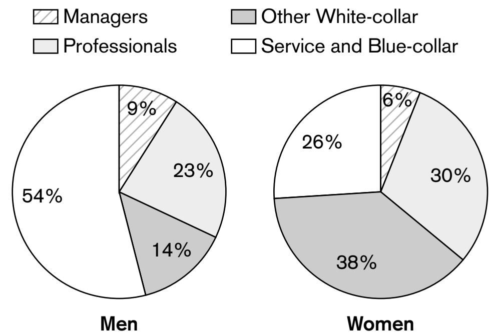


FIGURE 3.3 Occupational Distribution of Respondents, by Gender

were other white-collar workers, and 41 percent were service and blue-collar workers.[6]

There were important differences in the types of jobs that various kinds of workers held. Men were more likely than women to be managers and service and blue-collar workers, while women were more likely to be professionals and other white-collar workers (see Figure 3.3). This reflects the persistence of sex segregation in occupations (see Reskin and Roos 1990). A large percentage of the women professionals were school teachers. Women also held a large share of clerical and sales jobs. These differences are statistically significant.

Figure 3.4 breaks down our four types of occupations by race, ethnicity, and nativity. African Americans were less likely to be managers and professionals than Anglos and were more highly represented in the other white-collar and service and blue-collar categories. Their lower earnings reported above reflect their occupational placement. U.S.-born Latino respondents were most highly represented in the other white-collar and service and blue-collar occupations, whereas 79 percent of foreign-born Latino respondents had jobs in service and blue-collar occupations. Latinos' overwhelming concentration in these poorly paid occupations is reflected in their low annual earnings. Foreign-born Asian workers were similar to Anglos in their occupational distribution, except for being a little more prevalent in the service and blue-collar category and a little less prevalent in the other white-collar category. U.S.-born Asian workers are more likely to be other white-collar and less likely to be service and blue-collar than their Anglo counterparts are. All of these groups had occupational distributions that are statistically significantly different from that of Anglos.

We have already noted that the California workers in the survey tended to work in nonmanufacturing settings. Almost three-fourths of our respondents (73 percent)

6. See the Appendix for details on how we recoded major occupational groups to create four categories for types of occupations: managers, professionals, other white-collar workers (mainly clerical and sales workers) and service and blue-collar workers.

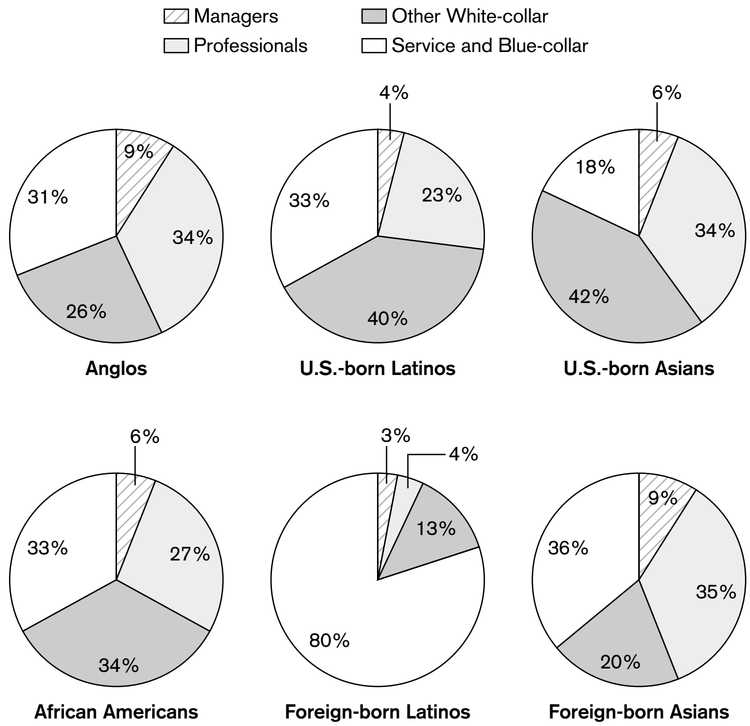


FIGURE 3.4 Occupational Distribution of Respondents, by Race, Ethnicity, and Nativity

worked for private sector firms. Another fifth worked for the government, and the remaining 8 percent worked for nonprofits. Of the 73 percent who worked for private firms, 45 percent (or 32 percent of all respondents in the subsample) worked for publicly listed corporations (that is, corporations listed on stock exchanges).

Figures 3.5a and 3.5b present data on the size of our respondents' workplaces and larger organizations. A large percentage worked in relatively small offices, shops, or factories: 15 percent were employed in workplaces with fewer than 10 workers, and almost half were in workplaces with 50 or fewer workers. Only 10 percent worked at sites with more than 1,000 employees. On the other hand, nearly two-thirds (65 percent) of our subsample reported that their workplace is a branch of a larger firm or organization: 59 percent of those employed by private firms, and 90 percent of those who worked for government were part of a larger organization. A huge percentage of these workers worked for very large organizations: 71 percent of those who report that their organization is part of a larger entity also reported that their organization employed more than 1,000 people. Overall, nearly half (46 percent) of the employed respondents worked in organizations with more than 1,000 employees.

In sum, most of the subsample of working respondents worked in the private sec-

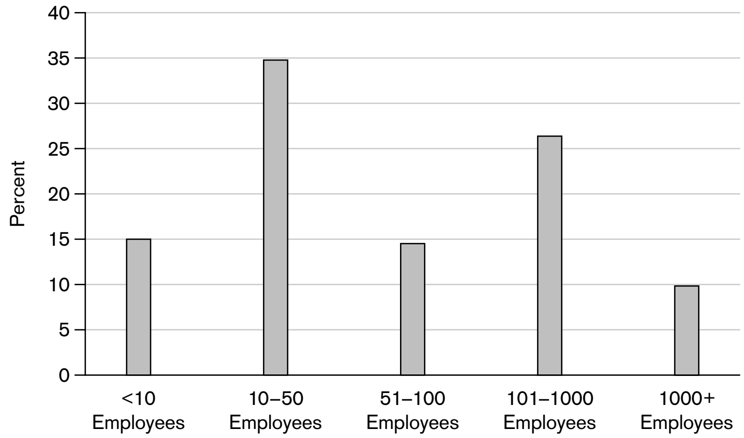


FIGURE 3.5A Respondents' Workplaces, by Number of Employees

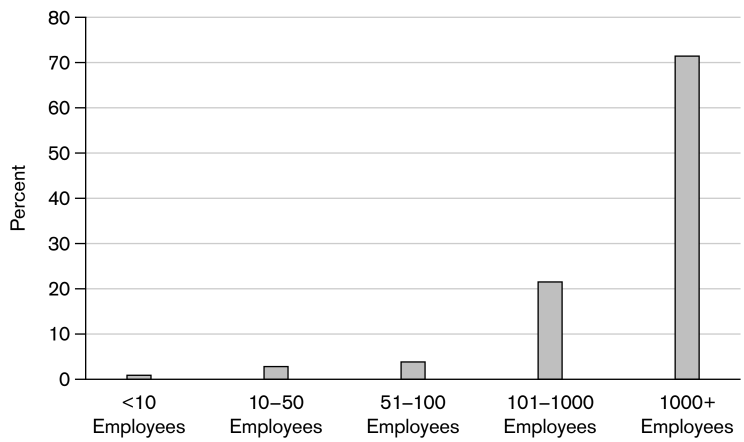


FIGURE 3.5B Respondents' Organizations, by Number of Employees, for Those Whose Workplace Was Part of a Larger Organization

tor. Over 30 percent worked for a publicly listed corporation. And although a majority worked in job sites with 50 or fewer people, almost two-thirds worked for organizations that are part of a larger corporate, organizational, or governmental entity. About 40 percent of the private sector workers worked in firms with more than 1,000 people. Thus, although California workplaces tend to be small, they are also often part of larger organizations.

### Benefits

Fringe benefits, working conditions, and job opportunities and security were also among the topics the CWS examined. Here, we begin by looking at the benefits re-

TABLE 3.1 Selected Benefits Received by Respondents, by Occupational Group

| *Benefit Reported Received* | *Total Sample* | *Managers* | *Professionals* | *Other White-Collar Workers* | *Service & Blue-Collar Workers* |
|---|---|---|---|---|---|
| Medical Insurance | 79.9% | 94.0% | 91.3% | 77.1% | 71.1% |
| Retirement Plan | 70.2% | 90.2% | 87.1% | 66.2% | 57.8% |
| Paid Sick Leave | 70.7% | 85.9% | 88.8% | 72.8% | 54.5% |
| Paid Vacation | 75.9% | 93.9% | 85.9% | 76.1% | 65.9% |
| Profit Sharing | 34.6% | 50.3% | 46.7% | 37.2% | 24.4% |

SURVEY QUESTION: Now I'd like to ask you about benefits. Which of the following fringe benefits does your [main] employer make available to you, even though you may have to pay some portion?

spondents reported receiving, as summarized in Table 3.1. Over 70 percent of respondents received medical insurance, a retirement plan, paid sick leave, and paid vacation at work. Only 35 percent participated in some form of profit sharing.

Benefits were not evenly distributed across occupational groups. Managers tended to receive the most benefits, followed by professionals, other white-collar workers, and service and blue-collar workers. Managers and professionals did not have any statistically significant differences in benefits. On the other hand, all of the differences between managers and other white-collar and service and blue-collar workers are statistically significant. Whereas 94 percent of managers had medical insurance, only 71 percent of service and blue-collar workers did. Fully 90 percent of managers had a retirement plan at work, while only 58 percent of service and blue-collar workers did. Fifty percent of managers participated in some form of profit sharing, while only 24 percent of service and blue-collar workers had obtained this benefit. Even starker than these occupational differences is the effect of working part-time: Only 52 percent of part-time workers received medical insurance, and a mere 44 percent had a retirement plan (not shown). These estimates are statistically significant as well.

These results are consistent with national data showing that firms tend to provide more generous benefits to managers and professionals than they do to other workers (Hamermesh 1999). The differences in benefits are particularly troubling in light of the uneven distributions of jobs across gender, racial and ethnic, and citizen versus noncitizen groups. The upshot is that women, African Americans, Latinos, and noncitizens and foreign-born citizens not only make less money than other American workers do, but they also receive fewer benefits at work. They are less likely to have health insurance and pensions. Indeed, differences in income are only one form of inequality that exists among workers in California. As our estimates show, there are substantial differences in access to health care, retirement security, and other benefits as well.

### Hours of Work and Overtime

As we pointed out earlier, on the whole, managers and professionals are doing quite well in the postindustrial economy. The earnings and benefits data confirm this view. But managers and professionals are also more likely to be feeling pressured because of long workweeks and after-hours obligations to their workplace. Ironically, at the same time, other white-collar workers, as well as service and blue-collar workers, are experiencing a dearth in hours of work.

Among survey respondents, 88 percent of managers, 70 percent of professionals, 42 percent of other white-collar workers, and 21 percent of service and blue-collar workers are salaried for part or all of their income (not shown). Most managers and professionals do not receive extra pay for overtime, whereas most other white-collar and service and blue-collar workers do. Figure 3.6a displays average weekly hours across the four types of occupations. Managers put in the longest hours, 51 a week, followed by professionals with 44, service and blue-collar workers with 41, and finally other white-collar workers who work an average 38 hours a week. These differences are statistically significant.

The work-hour differences across occupations can also been seen in the answers to the question "How often do you work overtime or extra hours beyond 8 hours per day or 40 hours per week (at your main job)?" Overall, 43 percent of respondents reported that they "usually" do, while 30 percent reported they "sometimes" do and only 27 percent reported that they "never" do. Although these answers suggest that a huge proportion (73 percent) of working Californians work overtime at least some of the time, there are large statistically significant differences by occupational categories. Whereas 80 percent of managers and 53 percent of professionals reported that they usually work overtime (Figure 3.6b), only 26 percent of other white-collar workers and 40 percent of service and blue-collar workers did. Thus, while managers and professionals were earning the most money, they were also putting in the longest hours.

There are some interesting gender differences here. Only 23 percent of the women in the subsample reported working more than 40 hours a week in the past week, whereas 48 percent of the men reported overtime in the past week. This difference is even more dramatic across occupational groups. While 84 percent of male managers reported working overtime, only 61 percent of female managers did. Among professionals the difference was 59 percent for men and 37 percent for women. Among other white-collar workers the difference widened to 47 percent for men and 10 percent for women. Finally, among service and blue-collar workers, the gap was 37 percent for men and 15 percent for women. All of these differences (not shown here) are statistically significant.

Women were also much more likely to work part-time than their male counterparts, particularly in other white-collar and service and blue-collar jobs. In the serv-

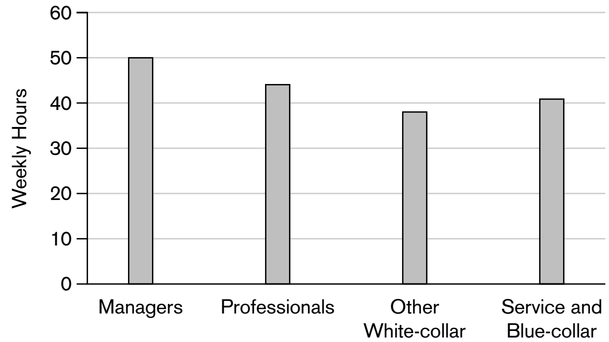


FIGURE 3.6A Respondents' Mean Number of Hours Worked Weekly, by Occupational Group

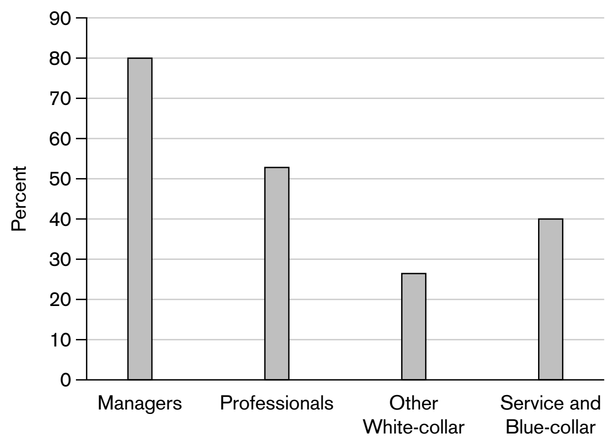


FIGURE 3.6B Respondents Who Said They "Usually Work Overtime," by Occupational Group

ice and blue-collar category, 42.5 percent of the women worked part-time, compared to just 16.8 percent of men. Women were likely balancing work and family responsibilities by working fewer hours, no matter what their occupation. They were also more apt to have part-time jobs that paid hourly rather than jobs that were salaried (not shown here).

When respondents were asked if they were given enough time to do the work assigned to them, a large majority, 83 percent, report that they were, but the figure is lower for managers and professionals than for other white-collar or service and blue-collar workers. Further evidence of the greater time pressures experienced by managers and professionals lies in their answers to a question regarding whether their jobs involve tight deadlines. Whereas 60 percent of managers and 67 percent of professionals reported having tight deadlines, 51 percent of other white-collar workers and 46 percent of service and blue-collar workers did. These differences are statistically significant. These findings suggest that managers and professionals were "usually" working overtime at least in part because they were facing tight deadlines and did not have enough time to complete their work.

One of the most interesting questions in the survey concerns the use of pagers and cell phones for work. One defining characteristic of the "new economy" is the telecommunications revolution of the past decade, which has made it possible for people to be more closely wired into their workplaces. The CWS provides evidence that these new telecommunications devices have, to an astounding degree, spread across the world of work. More than a third of respondents (38 percent) reported using cell phones or pagers on the job. As Figure 3.7 shows, managers were the most likely, at 65 percent, to use cell phones or pagers. Many other workers also used cell phones and pagers at work: 44 percent of professionals, 27 percent of clerical workers, and 35 percent of service and blue-collar workers. These differences are statistically significant. Respondents also reported on their use of cell phones or pagers to keep in touch with work after working hours. An astonishing 88 percent of managers who had cell phones or pagers reported they used them for work-related purposes after hours, while 68 percent of professionals, 57 percent of other white-collar workers, and 62 percent of service and blue-collar workers did. The difference between managers and everyone else on this question is statistically significant. These results confirm the view that in the new economy workers are using telecommunications devices extensively to keep in touch with their offices and clienteles, not only during working hours but after hours as well. The idea that people are on call for work 24/7 (24 hours a day and seven days a week) is not an exaggeration, particularly for managers.

Among our respondents only 30 percent were able to set their own hours of work (not shown). Not surprisingly, managers had the most discretion over work hours (49 percent), and service and blue-collar workers, the least (21 percent), a statistically significant difference. When asked who determines if a respondent works overtime, 61 percent said they determine overtime, while 35 percent said their boss does and 4 percent say both do. (This is probably because even if the boss wants a person to work overtime, workers often have the formal discretion to turn such hours down.) This result also varies greatly by occupational position: 76 percent of managers and 81 percent of professionals reported determining their overtime hours, while 61 percent of other white-collar workers and 42 percent of service and blue-collar workers had this discretion. The differences between managers and professionals and everyone else are statistically significant.

Another indicator of the degree to which people feel overworked is the question "If you could, would you work more hours for more pay, the same hours for the same pay, or fewer hours for less pay." Overall, 32 percent of respondents reported they would work more hours, while 50 percent said they would work the same hours and only 8 percent said they would work fewer hours. The breakdown of this variable across occupational groups is quite revealing. Figure 3.8 shows that only 17 percent of managers and 18 percent of professionals said that they would like to work

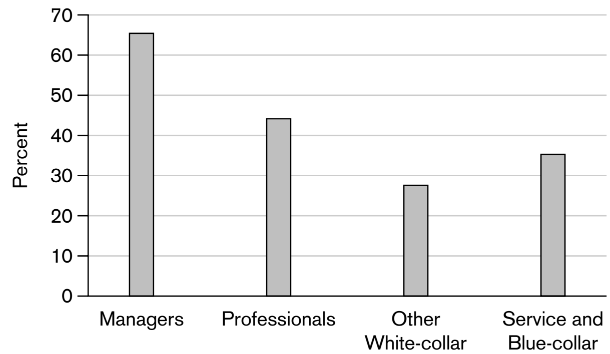


FIGURE 3.7A Respondents Who Used a Pager or Cell Phone at Work, by Occupational Group

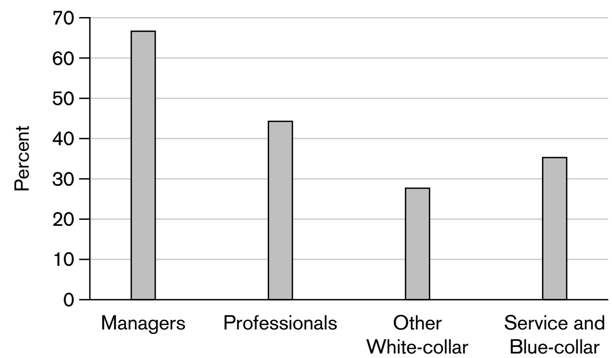


FIGURE 3.7B Respondents Who Used a Pager or Cell Phone after Work for Work-Related Purposes, by Occupational Group

more hours for more pay, while 32 percent of other white-collar workers and 44 percent of service and blue-collar workers wanted more work. The differences between managers and professionals and everyone else are statistically significant. These estimates suggest that although a substantial percentage of other white-collar and service and blue-collar workers are not working enough hours, most managers and professionals are at their limit. Conversely, about twice as many managers and professionals wish they could work fewer hours for less pay than service and blue-collar workers (11 to 12 percent versus 6 to 7 percent).

Not surprisingly, managers and professionals were also more likely than the other groups to report having difficulties finding time for both work and family (not shown). Among our respondents, 44 percent of managers and 41 percent of professionals reported having a problem balancing work and family, compared to 34 percent of other white-collar workers and 37 percent of service and blue-collar workers. The gap between managers and professionals and everyone else was statistically significant.


FIGURE 3.8 Respondents Willing to Work More Hours, the Same Hours, or Fewer Hours (for Commensurate Pay), by Occupational Group

There were gender differences here as well. Contrary to the conventional wisdom, women were generally happier than men with their current hours: 64 percent of women reported that they were happy with their hours of work, compared to 55 percent of men (these differences are statistically significant). 37 percent of men and only 27 percent of women wanted longer hours for more money. Still, more women (40 percent) than men (35 percent) reported that balancing work and family was a problem. Managers perceived greater difficulties: 49 percent of women reported difficulties finding time for work and family, as opposed to 42 percent of men. Similar gender differences appear across the occupational distribution. Overall, women were less likely to be working overtime than men and had shorter workweeks than men, but they were more likely to feel pressures in balancing home and work.

It is interesting to consider why people work long hours. Table 3.2 presents respondents' views of the importance of various reasons for working overtime. Respondents were given a series of possible reasons why they might work overtime and were asked whether the reason was important in their decision to work overtime. Thus, respondents could have more than one reason why they work overtime. In the overall sample, 48 percent reported that they work overtime because they are required to; 47 percent reported that it is because they are unofficially expected to; 81 percent reported that it is because they enjoy the work; and 71 percent reported that it is because they enjoy their workplace and co-workers. These results suggest that the vast majority of California workers value the intrinsic character of their work and the opportunity to be with their colleagues in the workplace. This finding supports Hochschild's (1997) thesis in her study of white-collar workers in a large firm, which showed that some workers actually prefer work life to home life.

The table displays some interesting differences in the reasons the four occupational groups gave for why they work overtime. Service and blue-collar workers were the most likely to report that they are required to work overtime (58 percent), while about 40 percent of the other three groups reported that overtime was required (a statistically significant difference). Service and blue-collar workers were also more

TABLE 3.2 Respondents' Reasons for Working Overtime, by Occupational Group

| *Reported Reason for Working Overtime as "very important" or "somewhat important"* | *Total Sample* | *Managers* | *Professionals* | *Other White-Collar Workers* | *Service & Blue-Collar Workers* |
|---|---|---|---|---|---|
| Required to | 47.7% | 40.2% | 39.1% | 43.9% | 58.2% |
| Unofficially Expected to | 46.7% | 41.8% | 46.5% | 40.6% | 51.0% |
| Enjoy the Work | 81.0% | 80.0% | 85.2% | 71.4% | 72.6% |
| Enjoy Workplace or Being with Co-workers | 70.8% | 80.0% | 67.5% | 64.3% | 63.3% |

SURVEY QUESTIONS:
"I'm going to read some reasons why people sometimes work extra hours at their job. Please tell me how important each of the following is in determining whether you work overtime or extra hours at your [main] job?"
"How about because long hours are REQUIRED by your supervisor or company? Is this reason very important, somewhat important, not too important, or not important at all?"
"How about because long hours are UNOFFICIALLY EXPECTED by your supervisor or company?"
"(How about because) you ENJOY THE WORK that you do?"
"(How about because) you ENJOY YOUR WORK PLACE OR BEING WITH YOUR CO-WORKERS on the job?"

likely to report that they are unofficially expected to work overtime. This finding reinforces our earlier discussion regarding the high degree of discretion workers report having over working overtime. Although workers can choose not to work overtime, many—especially service and blue-collar workers— may believe that they are unofficially expected to do so.

Managers and professionals were more likely than the other two groups to work overtime because they "enjoy the work," at 80 percent and 85 percent, respectively. They were also more apt to cite enjoying their workplace and co-workers as their reason for working overtime, at 80 percent and 67 percent. The two lower level occupational groups were significantly less likely to cite these intrinsic qualities of their jobs, with just over 70 percent of both groups citing enjoyment of their work and just under 65 percent citing enjoyment of their workplace and co-workers. Thus, while managers and professionals are less likely to report being required or expected to work overtime, they do feel pressured, as previously discussed, by tight deadlines and limited time to get their work done. In other words, their enjoyable jobs come at the price of remaining connected to the workplace around the clock, and they often experience difficulties finding time for both work and family.

### Hours of Work and Earnings

Figure 3.9 presents evidence on the distribution of financial rewards across the four types of occupations among workers with different workweeks. We use three cate-

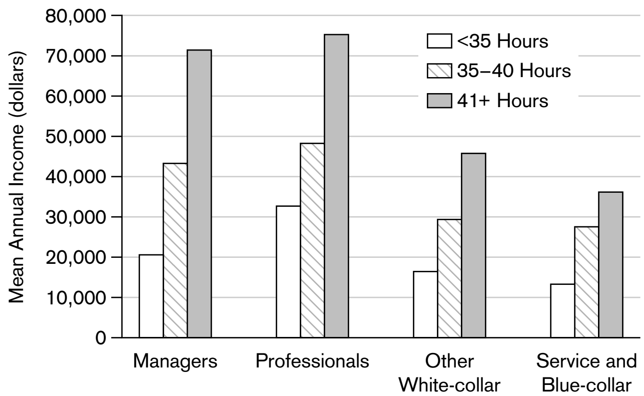


FIGURE 3.9 Respondents' Mean Annual Income, by Type of Occupation and Number of Hours Worked

gories of hours worked per week: fewer than 35 (part-time work), 35 to 40 (full-time work), and over 40 (overtime). Hours of work has a large and direct relationship to yearly earnings. Part-time workers in the subsample earned substantially less than full-time workers did. But interestingly, full-time workers in all four types of occupations display less variation than do the workers in the overtime category. Indeed, the most salient finding in Figure 3.9 is the degree to which overtime work affected the earnings of managers and professionals. Managers who worked more than 40 hours a week made an average of $71,063, whereas their counterparts who worked a 35- to 40-hour week earned only $42,998, on average. Similarly, while professionals who worked overtime made $75,446 annually, on average, their counterparts with a 35- to 40-hour workweek had earnings of only $47,860 annually. As we saw in Figure 3.6, managers and professionals in the subsample were much more likely to work overtime than were other white-collar workers or service and blue-collar workers.

Managers and professionals are less likely to be paid directly for their extra hours of work because they are salaried employees. But the findings here suggest that remuneration for long hours is built into their salaries. In short, managers and professionals both work long hours and receive sizable financial rewards for doing so. Another interesting finding in Figure 3.9 is that service and blue-collar workers who worked overtime did not appear to benefit as much from doing so, in terms of their proportionately higher yearly earnings, as did managers and professionals. For each of the other three types of occupations, the annual income differential between those who worked overtime and those who worked only "full-time" was over 50 percent: specifically, 65 percent for managers, 57 percent for professionals, and 55 percent for other white-collar workers. For service and blue-collar workers the overtime/full-time earnings differential was only 31 percent. These differences are statistically significant.

Working full-time or overtime is also one of the main sources of the income gap between men and women. As we have seen, women had higher rates of part-time employment across the occupational spectrum, and at the top of the spectrum they were less likely to work overtime than men were. Nevertheless, there are still gaps between male and female pay rates even if we control for hours of work. For example, male managers in the survey subsample who worked full-time averaged $45,726 annually, but their female full-time counterparts averaged only $37,708. Women who worked overtime, though, did substantially close the gender gap in earnings. Among those in the subsample who worked more than 40 hours a week, the men averaged $57,006 a year, while women averaged $55,851.

It is useful to step back and synthesize these results. Managers and professionals work long hours and also report that they "usually" work overtime. They are likely to do so both because they enjoy the work and the workplace, and because they are subject to tight deadlines. Although they are highly paid for their long workweeks, managers and professionals are also more likely to be closely tied to their work with cell phones and pagers and more apt to report having trouble finding time for both work and family. Despite their high rewards, they are at their limit in terms of work hours. Workers in the other white-collar and service and blue-collar occupations also enjoy work and the workplace and many choose to work overtime as a result. But they also have less discretion over working overtime and report more formal and informal pressure to do so. They are also more likely than managers and professionals to report that they do not have *enough* hours of work. Service and blue-collar workers who do work overtime receive less remuneration for it than workers in the other three types of occupations. Finally, women are more apt to work part-time than men and less likely to work overtime. Their shorter workweek, on average, is one of the main sources of the gender gap in incomes. And despite their shorter workweek, women report more conflict between work and family than men do, which suggests that the traditional household division of labor still places a heavier burden on women than on men.

This picture broadly supports the view that there has been a bifurcation of work in the postindustrial economy. The "haves"—managers and professionals—have long work hours and receive high levels of compensation in doing so, while the "have less" workers wish they had more working hours and are paid proportionately much less when they do work longer than a "full-time" workweek. Although those who work overtime in both sets of occupations do so partly because they enjoy their work, workplaces, and co-workers, there are significant differences between the two in the types and extent of pressures they face. Managers and professionals are more apt to complain of tight deadlines and difficulties balancing work and family, while the other white-collar and service and blue-collar groups report less discretion over work hours and overtime and more pressure from the boss to work overtime.

### Job Opportunities, Security, and Satisfaction

We also explored the opportunities and insecurities workers report at work. Table 3.3 presents workers' responses to some of the survey questions on a workplace opportu-

TABLE 3.3. Respondents' Job Opportunities and Satisfaction, by Occupational Group

| | PERCENTAGE RESPONDING "YES" | | | | |
|---|---|---|---|---|---|
| *Reported Job Opportunities and Satisfaction* | *Total Sample* | *Managers* | *Professionals* | *Other White-Collar Workers* | *Service & Blue-Collar Workers* |
| Have Been Promoted at Current Job | 49.6% | 65.8% | 56.2% | 47.0% | 44.0% |
| Expect Promotion in the Future | 25.7% | 41.1% | 30.7% | 23.6% | 21.0% |
| Have Received Pay Raise | 76.1% | 80.3% | 82.6% | 68.6% | 75.7% |
| Very or Somewhat Satisfied with Job | 47.9% | 57.9% | 52.0% | 45.6% | 45.0% |

SURVEY QUESTIONS:
Since you first started working for this employer, were you ever promoted to a higher level job with more authority or responsibility, or are you still at the same job level where you started?
IF NEVER PROMOTED IN PAST:
If you had to guess, what would you say are the chances that you'll be promoted to a higher level job?
IF HAS EVER BEEN PROMOTED IN PAST:
If you had to guess, what would you say are the chances that you'll be promoted again to a higher level job? Would you say it is very likely, somewhat likely, not too likely, or not likely at all?
[Again, still thinking about your present main job,] since you first started working for [your present/that] employer, have you ever received a pay raise?
All in all, how satisfied would you say you are with your present [main] job? Would you say you are very satisfied, somewhat satisfied, somewhat dissatisfied, or very dissatisfied?

nities and job satisfaction. Just under half of the subsample reported having received a promotion from their current primary employer, and 26 percent expected a promotion in the future. Just over three-fourths of respondents reported having received a pay raise from their current employer. The question "How satisfied would you say are you with your present (main) job?" measured job satisfaction. Overall, almost half of the respondents (48 percent) reported being very satisfied with their jobs. Taken together, the answers to these questions suggest that many California workers have experienced opportunities for promotion and pay raises in their current jobs. That over 25 percent reported that they expect to receive a promotion in the future also suggests that workers at least believe they have good opportunities with their current employer.

When we break these results out for the four types of occupations, we get some interesting results. Two-thirds of managers and 56 percent of professionals reported having had a promotion in their current workplace, while only 47 percent of other white-collar workers and 44 percent of service and blue-collar workers reported a promotion. This difference between the managers and professionals and the other workers is statistically significant. A similar pattern appears regarding expectations of a promotion in the next 12 months; managers and professionals appear to have had more opportunities for promotion in their workplace and thus are more apt to anticipate opportunities in the future. The percentage reporting a pay raise in their current workplace is high for all groups. Still, managers and professionals were more likely to have received a raise.

Finally, managers were the most likely group (at 58 percent) to report being very satisfied with their job, while other white-collar and service and blue-collar were the least likely to do so (at about 45 percent each). The fact that 48 percent of all the respondents reported a high level of satisfaction with their work is not surprising. The literature shows that American workers generally do report high levels of job satisfaction (see Lincoln and Kalleberg 1990). This is partly due to the American tendency to believe that individuals are in control of their own economic destiny, regardless of their actual career mobility. In this cultural context workers may be more likely to present themselves as satisfied with their jobs because they believe a lack of satisfaction might reflect a personal failure to take responsibility for finding a job more to their liking. This tendency may also partly account for the high numbers of workers who reported that they work overtime because they enjoy their work and the workplace.

The period during which the telephone interviews took place (again, in the second half of 2001 and the first month of 2002) was part of a national recession. Californians were witnessing relatively high unemployment (see Pastor and Zabin, this volume) and a great deal of economic uncertainty. We therefore also explored how those economic conditions were affecting workers' sense of security.

The average number of years respondents had worked for their current employer was 6.7 years. Fourteen percent of respondents reported having been laid off in the past three years. Nineteen percent feared they might be laid off in the next 12 months. The recession in California had almost a fifth of the subsample worried about their jobs. In answering the question "How easy do you think it would be to find a job with another employer with approximately the same income and fringe benefits that you have now?" only 23 percent of respondents thought it would be "very easy" to find a job as good as the one they currently held. This again reflects some insecurity on their part.

As was true of our earlier findings, the responses to these questions about job security varied by occupational group. As shown in Figure 3.10, managers and professionals reported longer job tenure; managers were on the high end, with an average tenure of almost nine years, and the other white-collar workers were on the low end, with about five and a half years. These differences in tenure, which are statistically significant, suggest that managers and professionals enjoy more job security than white-collar, service, and blue-collar workers do. This gap in security is even wider in the findings concerning whether respondents had been laid off in the past three years. Only 3 percent of managers and 10 percent of professionals reported a layoff, whereas 13.7 percent of other white-collar workers and 19 percent of service and blue-collar workers had experienced a layoff. Managers were also the most likely (34 percent) to report that they could find a similar job very easily, whereas only 20 percent of other white-collar workers held the same expectation. The only question that pro-

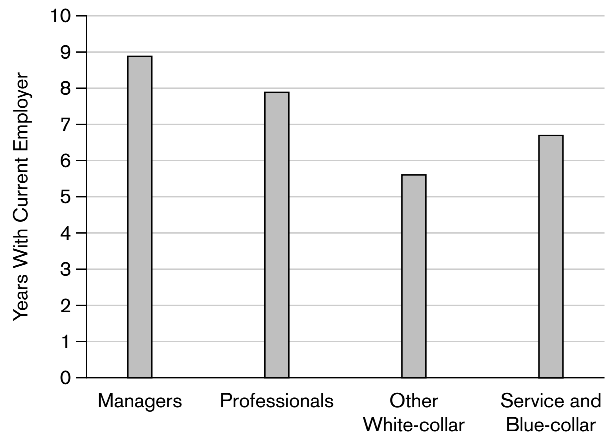


FIGURE 3.10A Respondents' Mean Number of Years with Their Current Employer, by Occupational Group

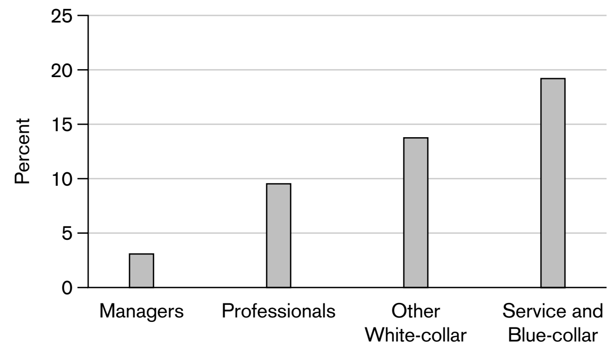


FIGURE 3.10B Respondents Laid Off in the Last Three Years, by Occupational Group

duced a deviation from this bifurcated pattern for the four types of occupations was the one asking about respondents' fear of layoff in the next 12 months. Here, 26 percent of managers were fearful of a layoff, nearly matching the highest category, the service and blue-collar workers. In other words, both managers and service or blue-collar workers in California are apparently worried about being "downsized" during the recession—much more so than are professionals and other white-collar workers (at 11 percent and 15 percent, respectively).

In sum, our respondents were generally apt to have received a promotion and a raise in their current job, and many anticipate the opportunity for a further promotion in the future. While they were generally very satisfied with their jobs, they exhibited some insecurity about the future. Many of the respondents did not think they could easily get a similar job, and almost a fifth reported they might be laid off in the next 12 months. Not surprisingly, managers and professionals were the least

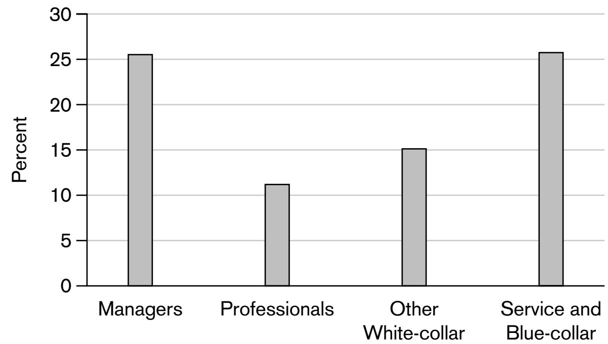


FIGURE 3.10C Respondents Fearing a Layoff in the Next 12 Months, by Occupational Group

SURVEY QUESTION: "In the next 12 months, how likely is it that you will lose your [main] job? Is it very likely, somewhat likely, not too likely, or not likely at all?"

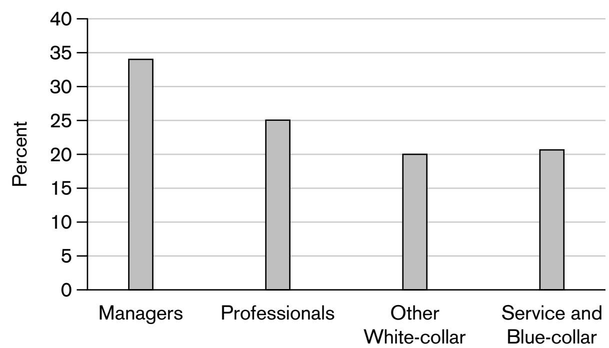


FIGURE 3.10D Respondents Reporting They Could Easily Find Another Job, by Occupational Group

SURVEY QUESTION: "How easy do you think it would be for you to find a job with another employer with approximately the same income and fringe benefits that you have now? Would it be very easy, somewhat easy, not too easy, or not easy at all?"

likely to exhibit job insecurity and the most likely to be anticipating opportunities for promotion and higher pay. Managers, however, along with service and blue-collar workers, exhibited more insecurity about the possibility of being laid off in the next 12 months than did the other groups.

## WORKING CONDITIONS FOR UNION AND NONUNION WORKERS

One of our key findings is that, compared to managers and professionals, other white-collar and service and blue-collar occupations pay less, have fewer benefits, and are more insecure. But we also find that outside the professional and managerial categories, unionization can make a big difference. Not only do unionized workers earn wage premiums, but they also enjoy many other advantages over their nonunion counterparts. Among our respondents 18 percent (N=175) were union members. Within this group 51 percent worked in the public sector. Since the government tends to provide more benefits and security than the private sector does, one could suspect that the better working conditions of union workers might merely be the result of government employment. It turns out, however, that working conditions are better for union workers in both the private and public sector.

The first row of Table 3.4 compares the annual incomes of union and nonunion respondents.[7] Overall, union members earned 45 percent ($11,212) more, on average, than nonunion members did, a statistically significant finding. Union workers who worked for a governmental entity earned more than union workers in the private sector did, but both still made substantially more than their nonunion counterparts. Similar patterns appear if one considers the differences in benefits. The gaps in benefits coverage between union and nonunion workers were 28 percentage points for medical insurance, 38 percentage points for retirement benefits, 19 percentage points for paid sick leave, and 25 percentage points for paid vacations. All of these differences are statistically significant. The union-nonunion gap in benefits holds true whether the union members are in government or the private sector, although the gap is smaller for unionized private sector workers in the case of paid sick leave.

Union and nonunion workers also differed in their overtime hours and their desire for more work hours. Unionized workers were somewhat more likely than their nonunion counterparts were to report that they "usually" work overtime (39 percent versus 33 percent). They were also less likely to report wanting to work more hours for more pay than their nonunionized counterparts (32 percent versus 41 percent).

Finally, unionized workers generally reported greater security in their jobs than nonunionized workers did. Among our unionized respondents only 13 percent said it was very or somewhat likely they would be laid off in the next 12 months, compared to 24 percent of nonunion respondents. These views are consistent with the two groups' past experiences: 11 percent of unionized respondents reported having been laid off in the past three years, while 19 percent of nonunionized respondents had been laid off. These differences are statistically significant. As one might expect, unionized public sector workers were much less likely to predict being laid off than were union workers in the private sector. Still, even private sector unionized workers exhibited a greater sense of security than nonunion workers did. Our results suggest

7. These comparisons are restricted to workers in the other white-collar, service, and blue-collar categories, comparing those who are and are not union members. We exclude managerial and professional employees in order to compare how workers at the bottom of the occupational structure are faring. The main group that this eliminates on the union side is teachers.

TABLE 3.4. Respondents' Income, Selected Benefits, and Work Prospects, by Union-Nonunion and Public-Private Sector Status

| *Income, Benefits, and Work Prospects* | *Unionized Workers* | *Nonunion Workers* | *Unionized Government Workers* | *Unionized Private Sector Workers* |
|---|---|---|---|---|
| Mean Income | $35,912 | $24,700 | $38,136 | $34,407 |
| (standard deviation) | (21210) | (19801) | (19437) | (22318) |
| Percentage with Medical Insurance | 95.6% | 67.6% | 97.9% | 94.0% |
| Percentage with Retirement Plan | 90.9 | 52.7 | 93.6 | 89.1 |
| Percentage with Sick Leave | 76.0 | 57.5 | 88.8 | 67.0 |
| Percentage with Paid Vacation | 89.1 | 64.5 | 86.9 | 90.4 |
| Percentage Who Usually Work Overtime | 39.2 | 33.3 | 43 | 37.1 |
| Percentage Who Wanted More Hours for More Pay | 32.2 | 40.6 | 32.2 | 33.8 |
| Percentage Reporting "Very" or "Somewhat Likely" to Lose Job in Next 12 Months | 13.2 | 23.9 | 3.7 | 16.7 |
| Percentage Laid Off in Past 3 Years | 11.3 | 18.7 | 6.1 | 13.7 |
| Number of Respondents | (N = 115) | (N = 414) | (N = 46) | (N = 69) |

SURVEY QUESTIONS:

Now think of your household income for the year 2000. Which category represents the total combined income of all members of your household for last year? Please include money from jobs, net income from business, farm or rent, pensions, dividends, interest, social security payments and any other money income received by members of this household who are 15 years of age or older.

Now I'd like to ask you about benefits. Which of the following fringe benefits does your [main] employer make available to you, even though you may have to pay some portion?

How often do you work overtime or extra hours beyond 8 hours per day or 40 hours per week [at your main job]? Would you say usually, often, sometimes, or never?

If you could, would you work longer hours and earn more money, work fewer hours for less money, or would you prefer to keep the same hours for the same pay?

In the next 12 months, how likely is it that you will lose your [main] job? Is it very likely, somewhat likely, not too likely, or not likely at all?

In the past 3 years, have you lost or left a job because of a plant closing, an employer going out of business, a layoff from which you were not recalled, or other similar reason?

that despite the decline in union density over recent decades, unions remain an important organizational vehicle to improve workers' earnings, benefits, and sense of job security.

## CONCLUSION

The California economy is dominated by nonmanufacturing activities, such as finance, real estate, construction, services, and government, with only 13 percent of all workers employed in manufacturing companies. California workers are highly educated, averaging over 13 years of schooling. Almost three-fifths of them are managers, professionals, or other white-collar workers. California, simply put, has a postindustrial economy that is predominantly white-collar and depends heavily on the skills of its workers.

These skills are not distributed equally across the population. We have seen that Anglos, African Americans, and Asians average more than 14 years of schooling, while Latinos, both native born and foreign born average much less. Foreign-born Latinos have the least schooling (9 years on average) and correspondingly, the lowest annual earnings. There is also evidence that Anglos hold the best paying jobs, followed by Asians, African Americans, and Latinos. In addition, the data shows continuing sex segregation in occupations. Women are concentrated in traditionally female jobs like teaching, sales, and clerical work. They also are more likely to work part-time and less likely to work overtime. They express more satisfaction than men do with their current hours of work but more dissatisfaction with their ability to find time for both work and home.

Much of our analysis has focused on conditions of work for four occupational groups. As we have seen, there are also stark differences by race, ethnicity, and nativity. The Latino population, in particular, is concentrated in the lower ranks of the occupational distribution, with foreign-born Latinos particularly concentrated in the service and blue-collar category. Where Anglos and Asians are overrepresented, at the top of the occupational distribution, people work the longest hours and earn the most. To the degree that Latino immigrants are absent from these top occupational categories, they do not share in the associated benefits. Besides earning less money, they are less apt to receive job promotions, and they are more vulnerable to layoffs. At least part of the gap between Latino immigrants and the rest of the population is due to their low levels of education, as well as the labor market disadvantages associated with being foreign born. Although finding employment in the United States may provide many low-skilled immigrants with a better standard of living than they would have attained in their home countries, their low wages nevertheless make it hard for them to make ends meet.

Women equal men in terms of schooling but still tend to work in occupations segregated by gender. Their incomes still trail men's in all occupation groups. Women work fewer hours and are less likely to report overtime than men. They are generally happy with their hours of work, but they are more apt than men are to report having problems juggling work and family. This suggests that women are still the organizers of family life. They adjust their hours of work to meet their home responsibilities, but they pay the price in terms of lower incomes, fewer benefits, and less access to retirement plans.

One of the questions we were most interested in pursuing was how conditions at work differed in the postindustrial economy for various occupational groups. Most scholars agree that the labor market has become much more deregulated in the past 20 years and that there has been growing income inequality. As we have seen, inequality in fringe benefits is nearly as extreme as inequality in income. In addition, the labor force is polarized on the spectrum of working hours. We found that managers and professionals report "usually" working overtime. They are also likely to report that they work under tight deadlines and with not enough time to do their jobs. They are highly likely to use cell phones and pagers, and these devices tie them to the workplace after regular work hours. We showed that those managers and professionals who work long hours take home premium earnings, but often report trouble finding time for both work and family. Nonetheless, managers and professionals tend to find work rewarding. Managers and professionals are also more likely to have had a promotion in their current place of employment, expect a promotion in the next 12 months, and have received a salary increase. They also have higher benefit levels, including medical insurance, retirement plans, and profit sharing.

Workers in the other white-collar and service and blue-collar categories work fewer hours than managers and professionals do, and they would like to have the opportunity to earn more income. Many service and blue-collar workers in particular wish they had more work hours. They also have fewer benefits such as medical insurance or a retirement plan. Other white-collar and service and blue-collar workers are also more likely to have been laid off, and they are the least likely of the four groups to predict that they could find a job as good as the one that they currently have.

Managers and professionals work long hours, but in turn they receive higher pay, more benefits and greater control over their work. They also report high levels of job satisfaction. Those who work long hours report enjoying their work and their colleagues. Other white-collar workers and service and blue-collar workers earn less, have fewer opportunities for advancement, and wish they could add hours to add income. They are also more insecure in their jobs and are more likely to experience layoffs. For workers in the lower parts of the education and occupational distributions, unionization brings better pay, benefits, and working conditions, across both the private and public sectors.

Our snapshot of work in California captures two worlds of work. One world, for those at the top (34 percent of the labor force), has lots of pressures but many rewards. The other, for those at the bottom (66 percent of the labor force), has fewer rewards and more insecurity. Managers and professionals who are prepared to work long hours reap the reward in income, psychic benefits such as job satisfaction, paid benefits, and more security on the job. For the other white-collar and service and blue-collar workers, however, life at work is more onerous. They have fewer working hours than they need to make ends meet, have fewer paid benefits, and face more insecurity on the job.

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## APPENDIX. Occupations in the Four Occupational Categories

Interviewers asked the employed respondents to describe their current occupation. The text of each response was coded after the interview into a two-digit code that was somewhat more general than the three-digit Census occupation codes. The two-digit codes were then recoded into four categories, for the purposes of this chapter. The following two-digit Census occupation codes were coded into the four occupation groups: managerial, professional, other white-collar, and service and blue-collar occupations.

### MANAGERIAL OCCUPATIONS

01. Managers, administrators, and public officials
03. Management analysts
32. Retail and other sales supervisors
51. Supervisors, protective services
52. Supervisors, food services
53. Supervisors, cleaning/building services
54. Supervisors, personal services
61. Farmers, farm managers/supervisors, and other supervisors of agricultural/forestry work
62. Captains and other officers of fishing vessels
71. Supervisors, mechanics, and repairers
72. Supervisors, construction trades
73. Supervisors, extractive occupations (oil drilling, mining)
74. Supervisors, production occupations
81. Supervisors, motor vehicle operators
83. Ship captains and mates
84. Supervisors, material moving equipment operators
92. Supervisors of handlers, equipment cleaners, and laborers

### PROFESSIONAL OCCUPATIONS

02. Accountants, auditors, underwriters, and other financial officers
04. Personnel, training and labor relations specialists
05. Purchasing agents and buyers
06. Business and promotion agents
07. Inspectors and compliance officers
11. Doctors and dentists
12. Veterinarians
13. Optometrists
14. Other health diagnosing occupations: podiatrists, chiropractors, acupuncturists, etc.
15. Nurses (RNs, LVNs, LPNs)
16. Physicians' assistants
17. Pharmacists and dietitians
18. Therapists: physical therapists, speech therapists, inhalation therapists, etc.
19. Health techs (hosp. lab techs, dental hygienists, etc.)
20. Elementary/high school teachers
21. College/university teachers
22. Counselors, educational and vocational
23. Librarians, archivists, and curators
24. Lawyers and judges
25. Social scientists and urban planners: economists, psychologists, sociologists, urban planners
26. Clergy, social, recreation, and religious workers
27. Writers, artists, entertainers, and athletes
28. Engineers, scientists, architects
29. Computer programmers
30. Other technicians (draftsmen, other lab techs, airline pilots, air traffic controllers, legal assistants, etc.)

OTHER WHITE-COLLAR OCCUPATIONS

08. Administrative assistants
33. Retail sales workers and cashiers
34. Real estate and insurance agents
35. Stock brokers and related sales occupations
36. Advertising and related sales occupations
37. Sales representatives—manufacturing and wholesale
38. Street and door-to-door sales workers, news vendors, and auctioneers
39. Other sales occupations
40. Office/clerical supervisors/managers
41. Secretaries, typists, stenographers, word processors, receptionists, and general office clerks
42. Records processing clerks: bookkeepers, payroll clerks, billing clerks, file and records clerks
43. Shipping/receiving clerks, stock clerks
44. Data-entry keyers
45. Computer operators
46. Telephone operators and other communications equipment operators
48. Bank tellers
49. Teacher's aides
50. Other clerical workers

SERVICE AND BLUE-COLLAR OCCUPATIONS

47. Postal clerks, mail carriers, messengers, etc.
55. Cooks, waiters, and related restaurant/bar occupations
56. Health service (dental assistants, nursing aides, attendants)
57. Personal service (barbers, hairdressers, public transportation attendants, welfare service aides)
58. Cleaning and building service (maids, janitors, housekeepers, elevator operators, pest control)
59. Childcare workers
60. Firefighters, police, and other protective service occupations
63. Farm workers
64. Graders, sorters, and inspectors of agricultural products
65. Animal caretakers
66. Nursery workers
67. Groundskeepers and gardeners
68. Forestry and logging workers
69. Fishers, hunters, and trappers
70. Other farming, forestry, and fishing occupations
77. Extractive occupations (oil drillers, miners)
78. Precision production occupations (tool and die makers, cabinet makers, jewelers, butchers, bakers, etc.)
79. Precision inspectors, testers, and related occupations
80. Plant and system operators (water and sewage treatment plant operators, power plant operators)
82. Railroad conductors and yardmasters
85. Machine operators
86. Motor vehicle operators (truck, bus and taxi drivers)
87. Railroad (engineers, conductors, other operators)
88. Ships (fishing boat sailors, merchant marine)
89. Bulldozer and forklift operators, longshore workers, and other material movers
90. Fabricators, assemblers, and handworking occupations: welders, solderers, hand grinders, and polishers, etc.
91. Production inspectors, testers, samplers, and weighers
93. Construction helpers and laborers
94. Factory and other production helpers
95. Service station attendants, car mechanic's helpers, tire changers, etc
96. Garbage collectors, stock handlers and baggers, and other movers of materials by hand
97. Helpers of surveyors and extractive occupations

# Income Polarization and California's Social Contract

MARGARET WEIR

The boom economy of the late 1990s spread the benefits of growth across the income spectrum, temporarily halting the widening inequality of the previous three decades. But the half-decade of shared prosperity made barely a dent in the pattern of sharp economic inequality that had crystallized since 1970. In California the growth of economic inequality was greater than in the rest of the country, and inequality remained higher even after the boom of the 1990s. Particularly striking in California was the steep decline in income for families at the lower end of the income distribution (Daly, Reed, and Royer 2001; Hill 2000). Driving this pattern of inequality are two key transformations that have been especially pronounced in California: the emergence of the postindustrial economy, and large-scale international immigration. Together, these shifts have created a new California that challenges the American ideal of a middle-class society.[1]

California's economic and social polarization poses fundamental questions about the state's social contract, and about the role of government and other institutions in addressing inequality. It also raises questions about how California families are managing to combine work, family, and responsibilities for care giving in this setting.

Drawing on data from the 2001–2002 California Workforce Survey (CWS), this chapter examines Californians' views about the social and economic conditions they confront, with particular attention to their opinions about how the problems they perceive can be remedied. Overall, the survey responses reveal that a majority of Californians have serious concerns about the economic divide and strongly support enhancing government's role in addressing it.

A closer look, however, reveals that groups with divergent labor market prospects attach different intensities to these views. Those with lower incomes and those with lower education levels, as well as noncitizens, African Americans, and Latinos (categories among which there are significant overlaps) are more likely to identify polarization as a very serious issue and more likely to support government action. The less advantaged groups also exhibit some distinct policy preferences. Most notably, they

1. I would like to thank the staff of the Survey Research Center at the University of California, Berkeley for preparing the tables and especially Tom Piazza who read and commented on the entire draft. Thanks also to Ruth Milkman for her comments on an earlier draft.

are more supportive of measures that directly address the problem of low earnings than other groups are.

The survey also reveals regional differences within California. It shows that there is greater economic distress and more concern about polarization in Southern California than in the Bay Area or other parts of the state. And although Bay Area respondents were more likely to identify their political orientation as "liberal" than respondents from Southern California were, the Southern Californians were more likely to support government policies designed to remedy economic inequality.[2] The Milkman and Dwyer chapter in this volume found evidence of striking differences in levels of polarization between the Bay Area and the Los Angeles area; the survey results reported here suggest that this underlying shift has also altered the policy views historically associated with these two parts of the state.

After examining Californians' attitudes toward personal and public problems and the role of state government, the chapter explores their attitudes about three specific strategies for addressing the problems: raising the minimum wage, joining unions, and supporting initiatives for balancing work and family pressures.

This chapter pays particular attention to variations across income groups.[3] It is important to note at the outset the close relationship between income and other social characteristics. Most important is the tie between education and income. Of those respondents earning $20,000 or less per year, 71 percent had only a high school education or less. Among those earning more than $100,000, 63 percent had a college degree or more education. Throughout the analysis the lowest income group with the lowest education level reports experiencing far more hardship and finding opportunity harder to grasp than other groups. This finding is also important because of its link with immigration status: Noncitizens and Latinos are disproportionately represented among the less educated. The education levels of noncitizens are markedly lower than the average among all respondents: 52 percent of noncitizens had less than a high school education, whereas the median level of education for all respondents was 13.4 years. The income and education levels of Latino respondents were especially low: 41 percent had not completed high school, and only 8 percent had completed college (compared to 26 percent of the entire sample).

It is important to keep the link between education and income in mind throughout the analysis because educational opportunity has historically been Americans' principal mechanism for upward mobility, and since the 1960s it has been the cen-

2. On a scale of 1 to 7, with 1 extremely liberal and 7 extremely conservative, 36 percent of Bay Area respondents placed themselves in the first three "most liberal" categories, whereas only 23 percent of respondents from Southern California put themselves in those categories.

3. In our sample 20 percent of respondents earned $20,000 or less each year; 30 percent earned more than $20,000 to $50,000; 33 percent earned more than $50,000 up to $100,000; and 17 percent earned over $100,000. The median income was $50,000. By education level, 16 percent of respondents had less than high school, 28 percent were high school graduates, 29 percent had some college, and 27 percent had a college degree or higher levels of education.

tral component of California's social contract (Schrag 1998; Weir 2002). Sharp divisions in well-being by education level suggest a need to reassess the workings of the social contract under the new social and economic conditions that California confronts.

## PERSPECTIVES ON PERSONAL ECONOMIC SECURITY AND OPPORTUNITY

Telephone interviews for the CWS took place from July 10, 2001 through January 27, 2002, catching respondents just as the economic boom of the late 1990s was waning. Over that time the unemployment rate ranged from a low of 5.4 percent (in August 2001) to a high of 6.4 percent (in January 2002). Even at their highest, however, unemployment rates reported during the time of this survey were well below the 7 and 8 percent rates of the mid-1990s (State of California 2002).

### Financial Status and Outlook on the Future

On the whole, as Figures 4.1 and 4.2 show, the survey sampling period was a prosperous time for Californians, with 37 percent of all respondents stating that these were "good times" and only 18 percent stating that these were "tough times" financially for themselves and their family. Yet when we look at the sample by income level, significant differences emerge. Those earning $20,000 a year or less were nine times more likely than those earning more than $100,000 to report that they were having tough times. One-third of those with less than a high school education reported that they were experiencing tough times, compared to only 11 percent of those with a college degree or more education. Among those who had completed four or more years of higher education, half responded that these were good times, compared to only 19 percent of those with less than high school education. The positive assessments of respondents whose income and education levels were between the two extremes grew larger as their income and education levels rose.

Income levels, not surprisingly, marked the sharpest difference in how respondents assessed their personal financial situation. As Figures 4.1 and 4.2 show, among groups differentiated by citizenship, race and ethnicity, and region, some significant differences emerge, but they are not as extreme as those sorted by income levels. Among respondents sorted by citizenship status and race and ethnicity, the answers tracked those for education, but the differences were somewhat more muted. For example, 42 percent of U.S.-born citizens reported that these were good times, compared to 33 percent of foreign-born U.S. citizens and only 22 percent of noncitizens. On the assessment of tough times, the differences were much smaller, with 16 percent of U.S.-born citizens, 20 percent of foreign-born U.S. citizens, and 21 percent of noncitizens reporting that these were tough times. African Americans and Latinos were

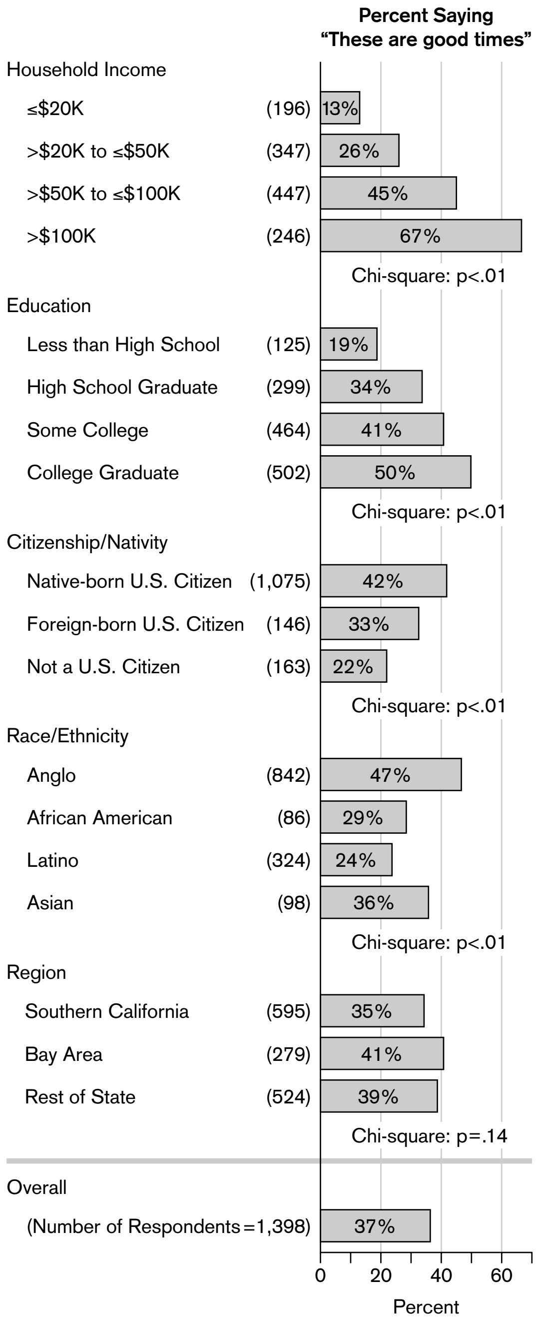



FIGURE 4.1 Respondents Reporting "Good Times," by Selected Characteristics

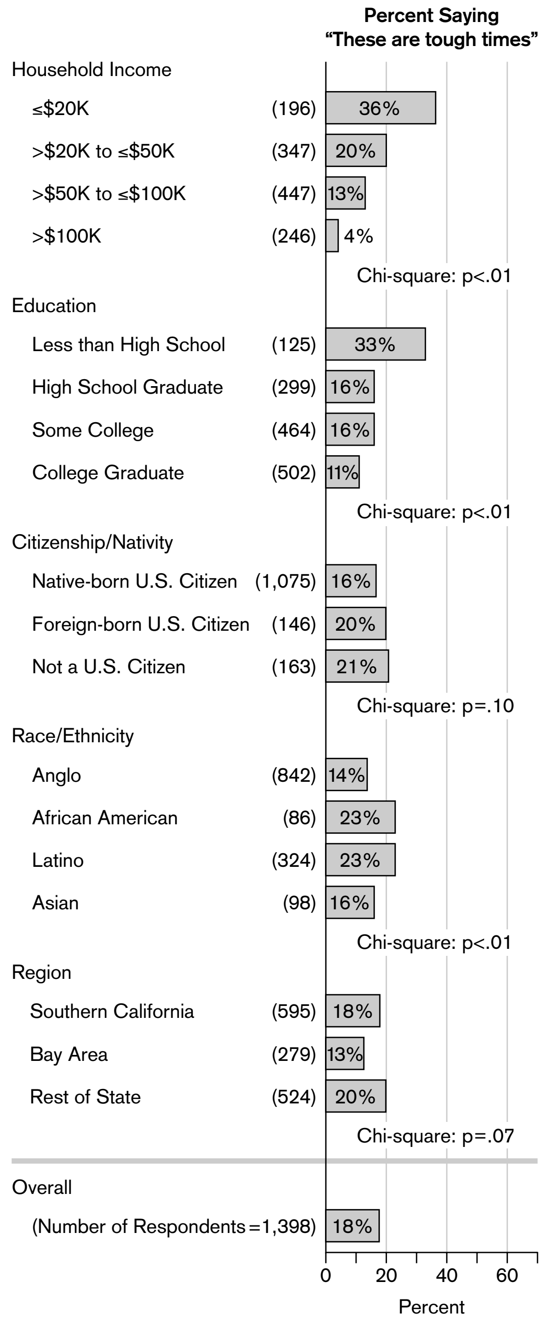



FIGURE 4.2 Respondents Reporting "Tough Times," by Selected Characteristics

SURVEY QUESTIONS: "First I'd like to ask you about your own situation and your family. In general, right now, how are things going financially for yourself and your family? Would you say these are good times, tough times, or something in-between?"

much less likely than Anglos and Asians to report that these were good times financially: 47 percent of Anglos and 36 percent of Asians said that these were good times, compared to 29 percent of African Americans and 24 percent of Latinos.[4] Women were less likely than men to say that these were good times, at 33 percent versus 42 percent (not shown). Working union members were somewhat more likely to report good times, at 45 percent, than were nonunion members, at 40 percent (not shown).[5]

Regional differences also emerged, although they were smaller still. San Francisco Bay Area respondents were somewhat less likely to report tough times than respondents in the rest of the state.[6] For example, 13 percent of Bay Area respondents reported tough times, compared to 18 percent of Southern Californians and 20 percent of respondents from the rest of the state. The regional differences among those reporting good times were not statistically significant.

Respondents were also asked to predict whether their family's financial situation would get better, stay the same, or get worse over the next five years. Reflecting an overall optimism, Figure 4.3 shows that 59 percent of all respondents envisioned things getting better for their family; 33 percent saw them staying the same, and only 8 percent saw them getting worse (not shown). The figure also suggests that differences across subgroups were small. Although not statistically significant, differences by income level were small, with 62 percent of those earning $20,000 or less and 64 percent of those earning over $100,000 expecting things to get better. Those respondents with less than a high school education were significantly more likely to see things getting worse, at 17 percent, than those with four or more years of higher education (not shown). However, African Americans and Latinos were considerably more likely than Anglos or Asians to believe that things would be getting better in the next five years: 80 percent of African Americans and 65 percent of Latinos gave the optimistic answer, compared to 55 percent of Anglos and 53 percent of Asians. Only small percentages of any racial or ethnic group expected things to grow worse for their family (not shown).

Groups with different citizenship status evaluated the future somewhat differently. Noncitizens were the most optimistic, with 64 percent believing that things would get better, compared to 60 percent of U.S.-born citizens. Foreign-born U.S. citizens

4. In this volume we use the term "Latinos" for people the Census and the CPS call "Hispanics" and the term "Anglos" for those they call "non-Hispanic whites," as Latinos may be of any race. Our use of "African Americans" and "Asians" refers to what the Census and CPS call "blacks" and "Asians and Pacific Islanders," respectively.

5. The results for the 29 cases of nonworking union members are not reported here.

6. The survey defined regions by area codes. Southern California was defined as urban Southern California and included respondents in the following area codes: 213, 310, 323, 562, 619, 626, 714, 818, 858, 909, and 949. The Bay Area included these area codes: 408, 415, 510, 650, and 925. The rest of California included these: 209, 559, 661, 916, 760, 805, 831, and 916. The distribution of respondents was as follows: 43 percent from Southern California, 20 percent from the Bay Area, and 37 percent from the rest of California.

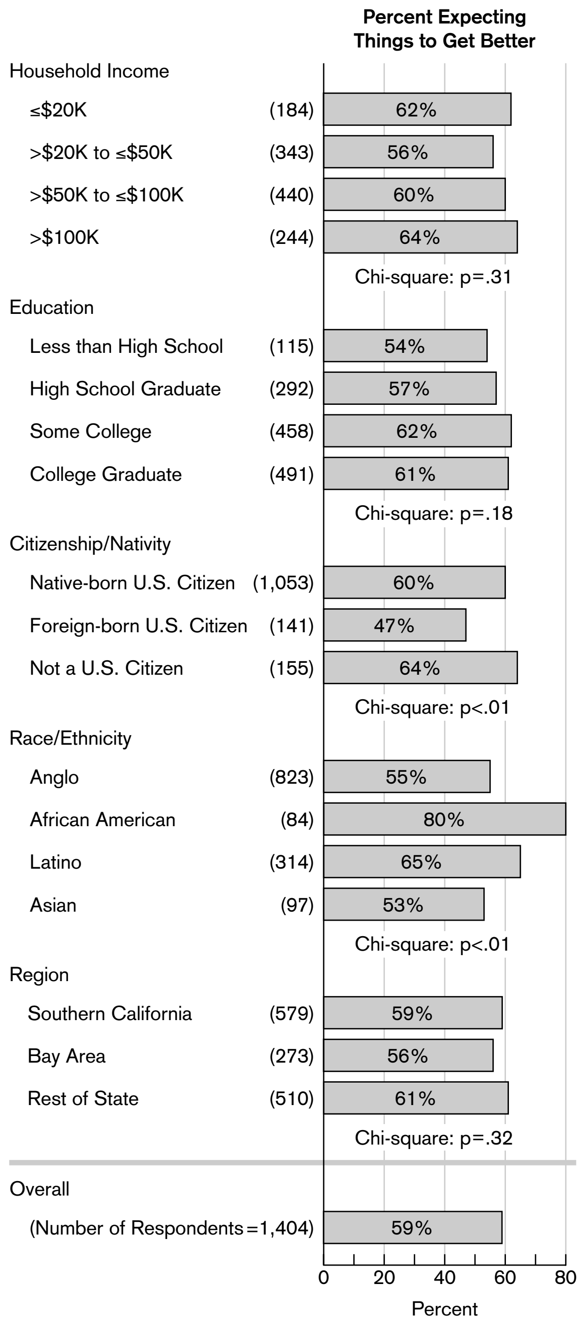



FIGURE 4.3 Respondents Saying the Next Five Years Will Be "Getting Better," by Selected Characteristics

SURVEY QUESTION: " In the next five years, do you see things for your family getting better, getting worse, or staying about the same?""

were the least optimistic, but even so, nearly half, 47 percent, responded that things were likely to get better for their family over the next five years. Differences between men and women were very small.

### Economic Hardships

A similar pattern emerged in the responses to questions about particular economic problems. With the notable exception of difficulty buying a house, a minority of all respondents reported that the problems mentioned by the interviewer were "very serious" or "moderately serious" for them or their family. (For ease of presentation, these two categories are collectively termed "serious" in the remainder of this chapter.) Not surprisingly, however, among different income groups, the less well-off respondents were more likely to report that the problems mentioned were serious. As shown in Figure 4.4, those earning $20,000 a year or less were much more likely to report a serious problem with all four choices; and on most issues, those earning over $20,000 up to $50,000 a year were closer to the lower income category in their responses than they were to the two higher income groups. As one would expect, the highest income category was markedly different from the rest of the sample, reporting relatively low levels of hardship on all four questions, with the notable exception of buying a house (and, to a lesser extent, being unable to save money). For example, as the figure indicates, 20 percent of all respondents reported that making rent or mortgage payments in the past year had posed a serious problem. Those earning $20,000 or less were far more likely to rate this a serious problem (44 percent) than were those earning over $100,000 (1 percent). Of the respondents earning over $20,000 up to $50,000, 28 percent said that rent or mortgage payments were a serious problem.

The results for respondents with different citizenship status and race or ethnicity closely matched those for groups with different income levels, with noncitizens reporting the greatest problems, foreign-born U.S. citizens in the middle, and native-born U.S. citizens reporting the fewest problems. For example, on the question whether they had a problem paying the rent or mortgage in the past year, 49 percent of noncitizens, 25 percent of foreign-born U.S. citizens, and 12 percent of native-born U.S. citizens reported a serious problem. African Americans and Latinos tended to report that the four problems were serious more frequently than did Anglos or Asians, but for the most part, the differences were considerably smaller than those for earnings and citizenship status.

Results for medical hardships were similar to those for paying the rent or mortgage. Only 19 percent of all respondents reported that delaying or trouble getting medical care was a serious problem for them or their family in the past year, whereas 32 percent of those respondents earning $20,000 or less fell into this category. When asked about medical care, 26 percent of those in the over $20,000 to $50,000 income range said that it posed a serious problem. Over three-fourths of respondents earning $50,000 or more reported that medical care was "not really a problem at all," whereas 49 percent of those earning $20,000 or less had no problem (not shown). Noncitizens were far more likely than others to report a serious problem in delaying or getting medical care: 35 percent of noncitizens indicated that they experienced such difficulties, compared to 21 percent of foreign-born U.S. citizens and only 14 percent of native-born U.S. citizens.

These results are not surprising when we consider the distribution of job-linked health benefits in the sample (not shown): 44 percent of those earning $20,000 or less received no health benefits at work, whereas 29 percent of those earning over $20,000 up to $50,000 had no such benefits. Of those earning above $100,000, only 4 percent reported receiving no health benefits at work.

Californians of all income levels had some trouble saving money, but the problem was most severe among those with the lowest household income. Overall, 47 percent of all respondents reported that saving money was a serious problem. However, 67 percent of those earning $20,000 or less each year reported that this was a serious problem, compared to 58 percent of those earning over $20,000 up to $50,000, 44 percent of those earning more than $50,000 up to $100,000, and 19 percent of those earning over $100,000 a year. These income differences appeared again when respondents were asked whether their total household income was enough for their usual monthly expenses (not shown). The majority of all respondents, 72 percent, said that it was. In contrast, among those earning $20,000 or less, 57 percent responded that their household income was not enough for their usual monthly expenses. Of those earning over $20,000 up to $50,000, 36 percent reported that their household income was not enough to cover expenses.

Given the rapid escalation of California's housing prices in the late 1990s and early 2000s, it is not surprising that buying a house posed problems for a majority of those who were looking—whatever their income level. In our survey 51 percent of the respondents reported that they were not looking for a house to buy, but among those who were looking, a majority—60 percent—reported that postponing the purchase of a house was a serious problem for them or their family. Among those earning $20,000 or less, 75 percent called this a serious problem. But even among those earning more than $50,000 up to $100,000, half reported that buying a home posed a serious problem. A large majority of African Americans (68 percent) and Latinos (70 percent) who were looking for a house reported that the decision to postpone was a serious problem; among Anglos and Asians the figures were lower but still much higher than those for the other three problems, at 49 percent and 58 percent, respectively.

### Educational Opportunity

Since the 1960s the right to a higher education has been a premise of California's social contract. To some extent that contract remains in place. A majority (66 per-

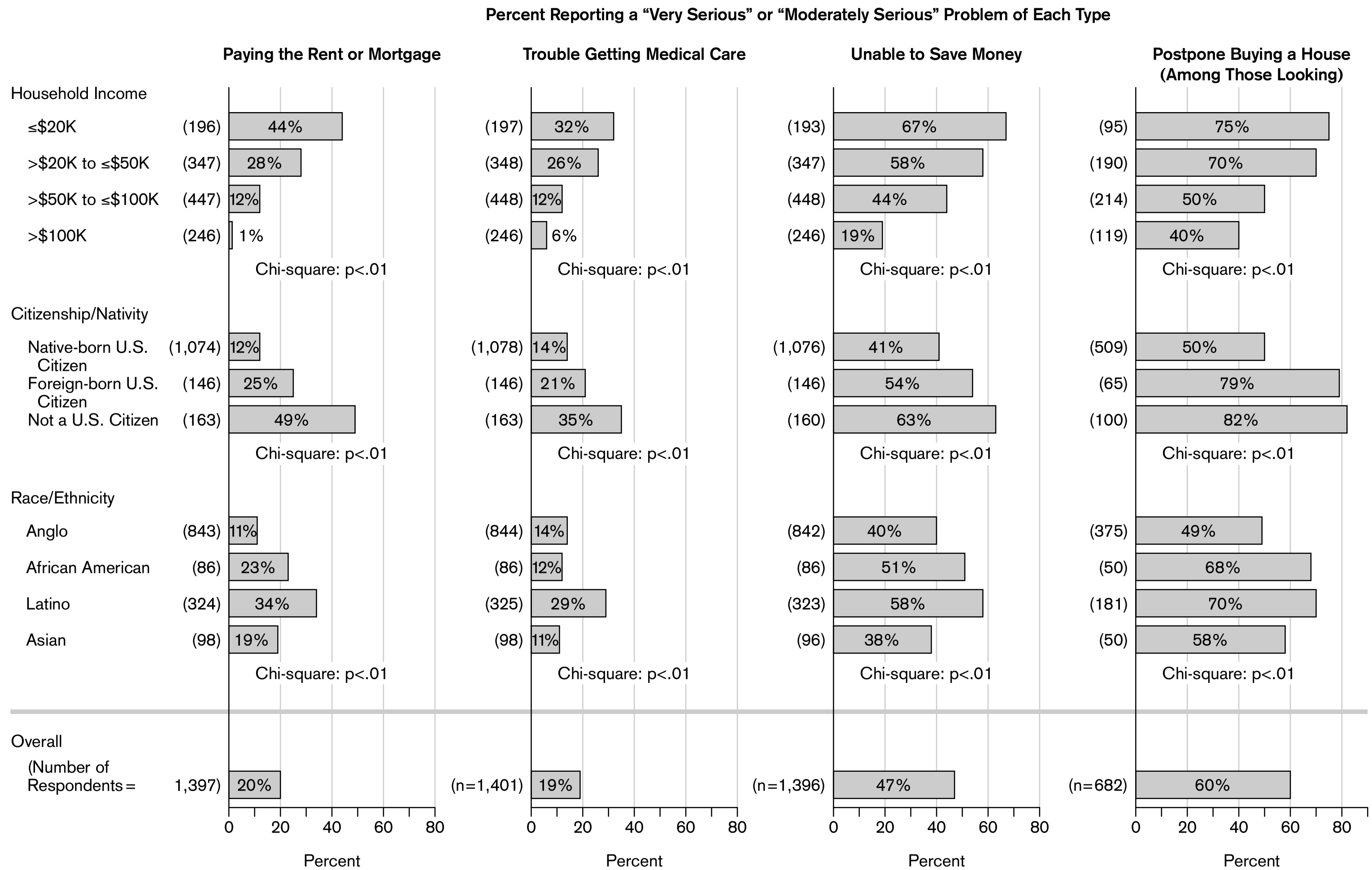



FIGURE 4.4 Respondents Reporting Financial Problems, by Type of Problem and Selected Characteristics

SURVEY QUESTIONS: "Now I'm going to read a list of problems some people have had lately. For each one please tell me how serious a problem it's been for you or your family in the past year. "How about paying the rent or mortgage? In the past year has this been a very serious problem, a moderately serious problem, a small problem, not really a problem at all, or didn't you pay rent or mortgage?" "How about delaying or having trouble getting medical care for yourself or your family?" "(How about) being unable to save money for future needs? "(How about) postponing buying a house because prices are too high?"

cent) of the 902 respondents who reported seeking training or education in the past year stated that they did not really have a problem getting it. Yet, as Figure 4.5 shows, differences among respondents with varied income levels, citizenship, and racial and ethnic backgrounds suggest that there are significant holes in the social contract. Among those with less than a high school education who were seeking training or education (not shown), 42 percent reported that getting it was a very serious or moderately serious problem. In other words, a significant percentage of high school dropouts encounter serious difficulties when they seek further education. This figure is very similar to that for respondents in households earning $20,000 or less annually who were looking for additional training or education, 40 percent of whom reported that they had a serious problem doing so. Among those with a high school degree, 21 percent of those looking reported that getting training or education was a serious problem (not shown).

Among racial and ethnic groups (not shown) a majority of each reported that finding education and training was not really a problem. Latinos reported the greatest difficulty in this area, with 32 percent of those looking saying that it was a serious problem. As Figure 4.5 shows, further differences emerge within the Latino population. Only 21 percent of native-born Latinos who were looking encountered a serious problem finding training or education, but the share was 50 percent among Latinos who were foreign-born U.S. citizens and 35 percent among Latinos who were not citizens. Among Asians it was the noncitizens who reported a disproportionately higher difficulty in finding training or education, 40 percent, compared to 15 percent of U.S. citizens born in Asian countries and 19 percent of U.S.-born citizens of Asian descent.

Gender differences on the questions about personal economic problems were generally small and therefore were not reported in the previous Figures. One notable exception, however, was on this question of educational opportunities. Of those seeking training, 28 percent of women rated this as a serious problem, compared to 20 percent of men. As was true of the differences by household income and citizenship, this difference is highly statistically significant.

In sum, in these relatively prosperous times a majority of Californians (apart from those looking to buy a home) rated their problems of economic security and opportunity as small or not really a problem at all. Yet on all of these questions, respondents who had lower household incomes, less than a high school education, or no U.S. citizenship stood out as much more likely than others were to report a very or moderately serious problem. A picture of two Californias emerges: one inhabited by low-income households and noncitizens who experience great personal hardship, and the other inhabited by middle- and upper-income households that generally report little difficulty in handling their expenses or taking advantage of educational opportunities.

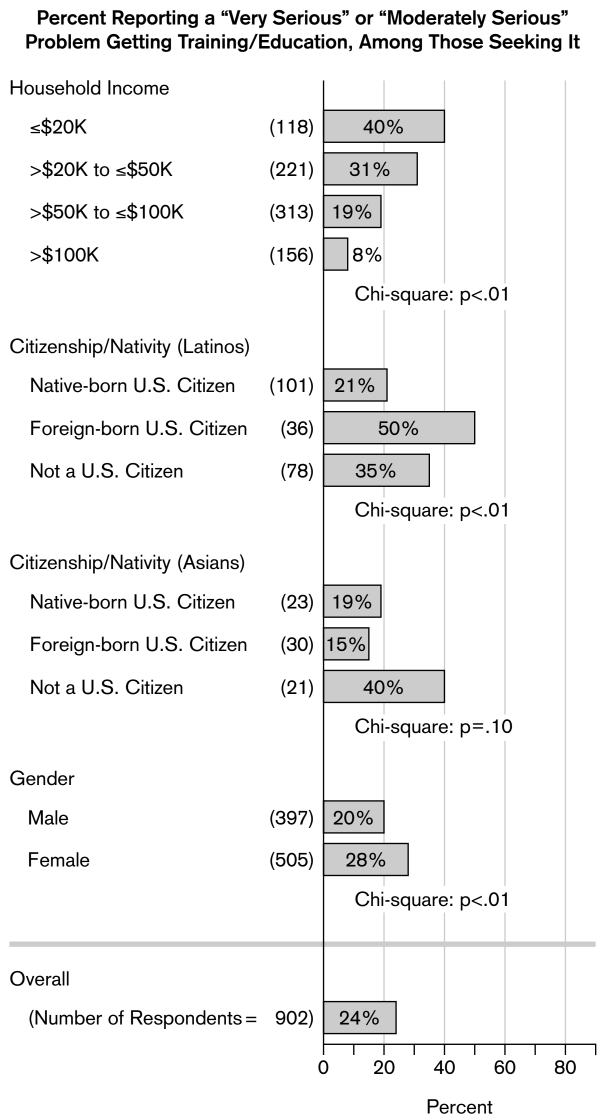



FIGURE 4.5 Respondents Reporting Problems Getting Training and Education, by Selected Characteristics

SURVEY QUESTION: "Now I'm going to read a list of problems some people have had lately. For each one please tell me how serious a problem it's been for you or your family in the past year. "(How about) getting the training and education you need to improve your job situation?" (In the past year has this been a very serious problem, a moderately serious problem, a small problem, not really a problem at all, or didn't you seek training or education?)"

## PERSPECTIVES ON STATEWIDE ECONOMIC PROBLEMS

How did the personal experiences of Californians affect their assessment of the economic problems facing the state? To answer this question, the survey asked respondents to assess how serious they thought the following four statewide problems were: the gap between the rich and the poor, the cost of housing, low wages, and the number of people without health insurance. It also asked respondents whether they thought the state government should do more about the problems and which, among the problems they looked to the state to resolve, were the highest priority.

### Serious Problems Facing the State

On the whole, a majority of Californians rated all four problems as very serious or moderately serious (not shown), even though most of them also reported they were not experiencing the problems themselves. For example, as we saw above, only 19 percent of all respondents reported that they had a serious problem delaying or getting medical care. Yet 71 percent of all respondents said that the number of uninsured in California was a very serious problem for the state. Similarly, although 72 percent of respondents said that their household income was sufficient to meet their monthly expenses, 48 percent stated that low wages posed a very serious problem for the state, and 33 percent said that they posed a moderately serious problem (not shown).

In fact, as Figure 4.6 shows, the problem that the greatest number of respondents—71 percent—ranked as a "very serious" one for California today was the number of people not covered by health insurance, followed closely by the cost of housing, at 62 percent. In contrast, less than half of all respondents characterized low wages and the gap between the rich and the poor as very serious problems. For example, 48 percent of respondents stated that low wages were a very serious problem, an estimate that grows to 81 percent if we include those identifying it as a "moderately serious" problem. Similarly, only 39 percent of respondents stated that the gap between the rich and the poor was a very serious problem, although that estimate rises to 79 percent if we include those ranking the gap as a moderately serious problem.

A majority of Californians, then, is concerned about economic problems that they personally do not have. Yet if we examine the estimates by income levels, those respondents who were most likely to report having these problems themselves—those earning under the median income—were also those most likely to rank the problems listed as very serious ones for the state. This difference is particularly striking on the economic issues of low wages and the gap between the rich and the poor. For example, among those whose household earned $20,000 or less annually, 69 percent said that low wages were a very serious problem for California, whereas among those with household earnings over $100,000 a year, only 22 percent did—a difference of 47 percentage points. Just under half of those in the lowest income group deemed the gap between the rich and the poor a very serious problem, whereas only just over

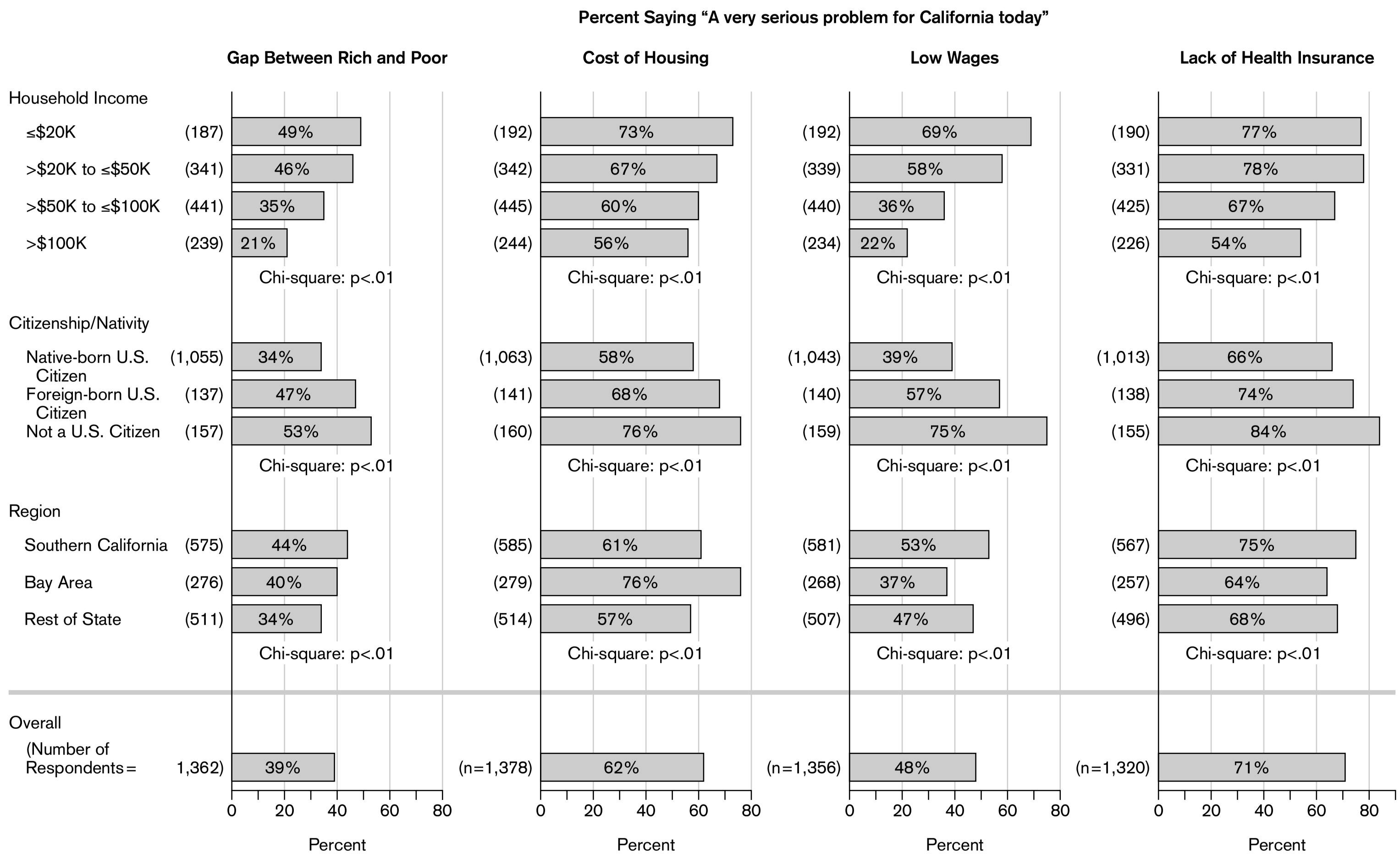



FIGURE 4.6 Respondents Saying That Economic Problems Facing Californians Are "Very Serious," by Type of Problem and Selected Characteristics

SURVEY QUESTIONS: "Now I'd like you to think about people living in California. I'm going to read a list of problems that many people in California face. For each one, please tell me how serious a problem you think it is for California today. "How about the gap between the rich and the poor in California? Do you think this is a very serious problem, a moderately serious problem, a small problem, or not really a problem at all for California today?" "How about the cost of housing in California today?" "(How about) high taxes?" "(How about) low wages?" "(How about) the number of people not covered by health insurance?"

a fifth of those in the highest income group saw it as a very serious problem. Although just over a third of those whose household earned between the median income for the sample ($50,000 a year) and $100,000 did identify these two problems as very serious, they were much less likely than those earning below the median income to report them as such.

On health insurance and housing—the two problems ranked "very serious" most often in the full sample—the differences in the intensity of views across income levels were significant but less so than on the low-wages and economic-gap questions. For example, 73 percent of those earning $20,000 or less stated that the cost of housing was a very serious problem in California, and 56 percent of those earning over $100,000 shared this view. And while 77 percent of those earning $20,000 or less stated that the number of people uninsured was a very serious problem, 54 percent of those in the highest income category agreed.

Attitudes about California's problems also vary by citizenship and nativity. The responses of noncitizens track those of the lowest income group. For example, 53 percent of noncitizens called the gap between rich and poor a very serious problem for California, whereas only 34 percent of native-born U.S. citizens agreed. The responses of foreign-born U.S. citizens fell between these two extremes, although on most issues, the rankings of foreign-born U.S. citizens were somewhat closer to the views of noncitizens than they were to those of native-born citizens. Assessments of California's problems vary by race and ethnic background as well (not shown), with African Americans and Latinos more likely to rate the four problems as very serious and Anglos and Asians more often describing the problems as moderately serious. For example, 56 percent of African Americans, 49 percent of Latinos, 33 percent of Anglos, and 25 percent of Asians called the gap between rich and poor a very serious problem. Latinos were particularly attentive to the problems of low wages, with 73 percent calling it a very serious problem, compared to 63 percent of African Americans, 34 percent of Asians, and 32 percent of Anglos. Majorities of each group rated the four problems as either very serious or moderately serious.

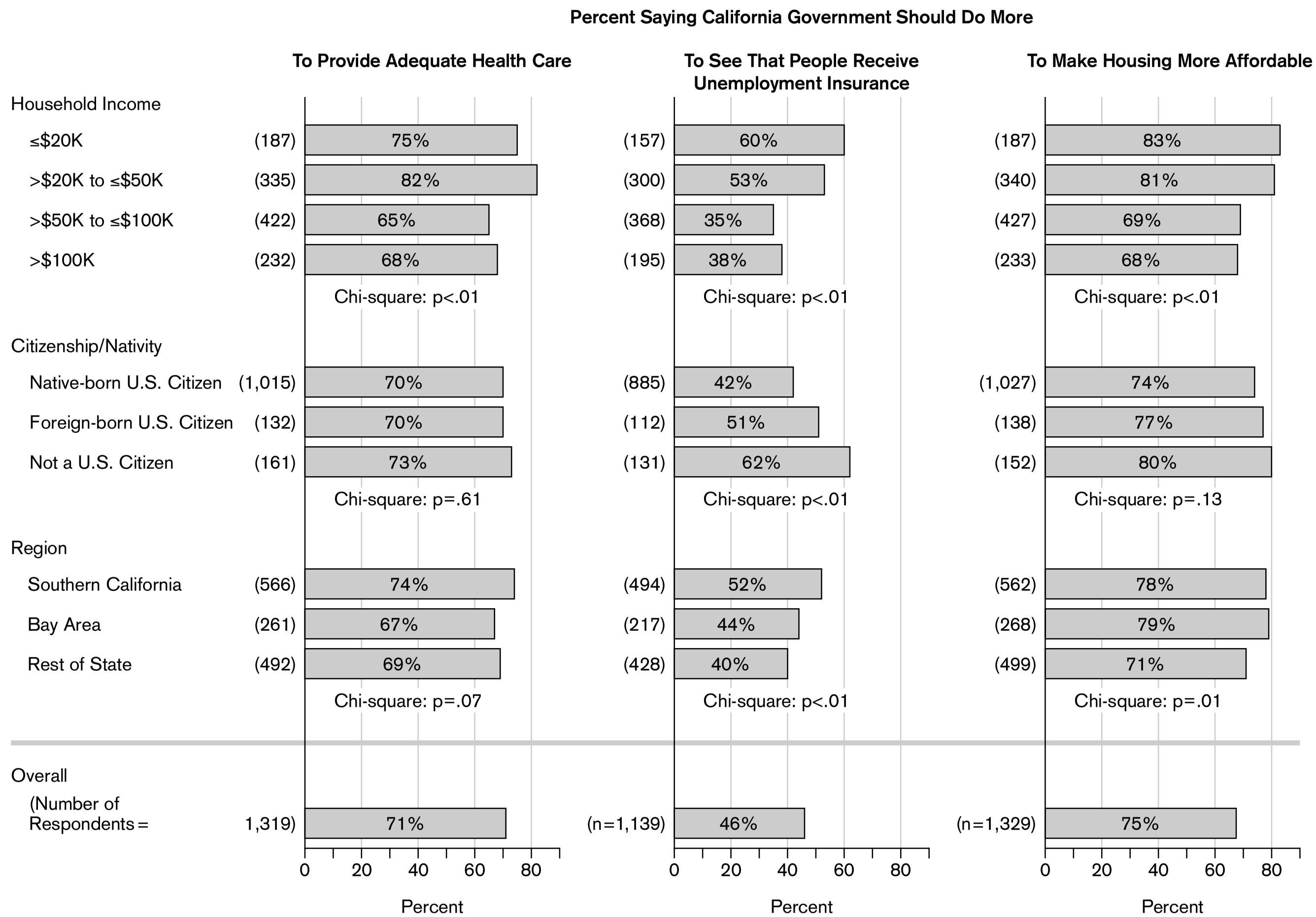
When considered by region, the tendency we saw earlier for Southern Californians to report higher percentages of serious personal economic problems than their counterparts in other regions appears as well in the way Southern Californians assessed the state's problems. Although comparable majorities from all parts of the state reported that they consider these economic problems as very serious or moderately serious (not shown), Southern Californians were somewhat more likely than others to rate these economic problems as very serious. For example, 44 percent of respondents from Southern California said that the gap between the rich and poor was a very serious problem, whereas 40 percent Bay Area respondents and 34 percent from the rest of California agreed. Similarly, 53 percent of respondents from Southern California said that low wages posed a very serious problem, compared to 37 percent of those in the Bay Area and 47 percent of those from the rest of the state.

Thus, although most California residents do not personally experience the economic problems examined in this survey—with the exception of the challenge of home buying—they do consider them to be serious problems for the state. Personal economic situations do not appear to dictate views about state problems. They do, however, seem to influence the intensity of those views. Those with higher earnings are less likely to view the problems as very serious. The sharpest difference in views appears between those earning above and below the median income. On the economic questions, in particular, the two lowest income categories are more similar to each other than to the higher income categories.

### What Should State Government Do?

How do Californians view the state's role in addressing these economic problems? The survey asked respondents whether California was doing enough to address specific problems. The results for two of the questions, related to care giving, appear in a separate section below. This section considers responses to six survey questions related to economic well-being and opportunity. These include questions about providing adequate heath care, paying unemployment insurance to all who need it, making housing affordable for low- and moderate-income families, making higher education more affordable, providing job training, and improving the incomes of low-wage workers. As Figures 4.7a and 4.7b show, with one exception, a majority of respondents stated that state government should do more about all these problems. The exception was paying unemployment insurance, about which a slight majority of respondents stated that the government was doing enough (45 percent) or was doing too much (9 percent). On the whole, however, Californians showed strong support for enhancing the state's role in addressing economic problems.

When we examine the responses by household income, several interesting differences emerge. On issues such as health care, higher education, and housing, variations by the income level of respondents are in the range of only 10 to 15 percentage points, with the lowest income categories most supportive of government action. For example, 75 percent of those earning $20,000 or less and 68 percent of those earning above $100,000 said that California should do more to provide health care. Similarly, 77 percent of those earning $20,000 or less believed that California should do more to make higher education affordable, while 66 percent of those earning over $100,000 agreed. However, on income-related issues, such as paying unemployment insurance, the differences between those earning above and below the median income are sharper. Those with higher incomes tended to be considerably less supportive of government action on these issues. For example, 60 percent of those earning $20,000 or less wanted the state to do more on unemployment payments, whereas only 38 percent of those earning over $100,000 wanted the state to do more. The question about job training revealed a similar pattern, with 74 percent of respondents earning $20,000 or less saying the state should do more, compared to only 55 percent of those earning over $100,000. This pattern extends to the question


Percent Saying California Government Should Do More
To Provide Adequate Health Care
To See That People Receive Unemployment Insurance
To Make Housing More Affordable
Household Income
≤$20K (187) 75% (157) 60% (187) 83%
>$20K to ≤$50K (335) 82% (300) 53% (340) 81%
>$50K to ≤$100K (422) 65% (368) 35% (427) 69%
>$100K (232) 68% (195) 38% (233) 68%
Chi-square: p<.01 Chi-square: p<.01 Chi-square: p<.01
Citizenship/Nativity
Native-born U.S. Citizen (1,015) 70% (885) 42% (1,027) 74%
Foreign-born U.S. Citizen (132) 70% (112) 51% (138) 77%
Not a U.S. Citizen (161) 73% (131) 62% (152) 80%
Chi-square: p=.61 Chi-square: p<.01 Chi-square: p=.13
Region
Southern California (566) 74% (494) 52% (562) 78%
Bay Area (261) 67% (217) 44% (268) 79%
Rest of State (492) 69% (428) 40% (499) 71%
Chi-square: p=.07 Chi-square: p<.01 Chi-square: p=.01
Overall
(Number of Respondents= 1,319) 71% (n=1,139) 46% (n=1,329) 75%
0 20 40 60 80
Percent

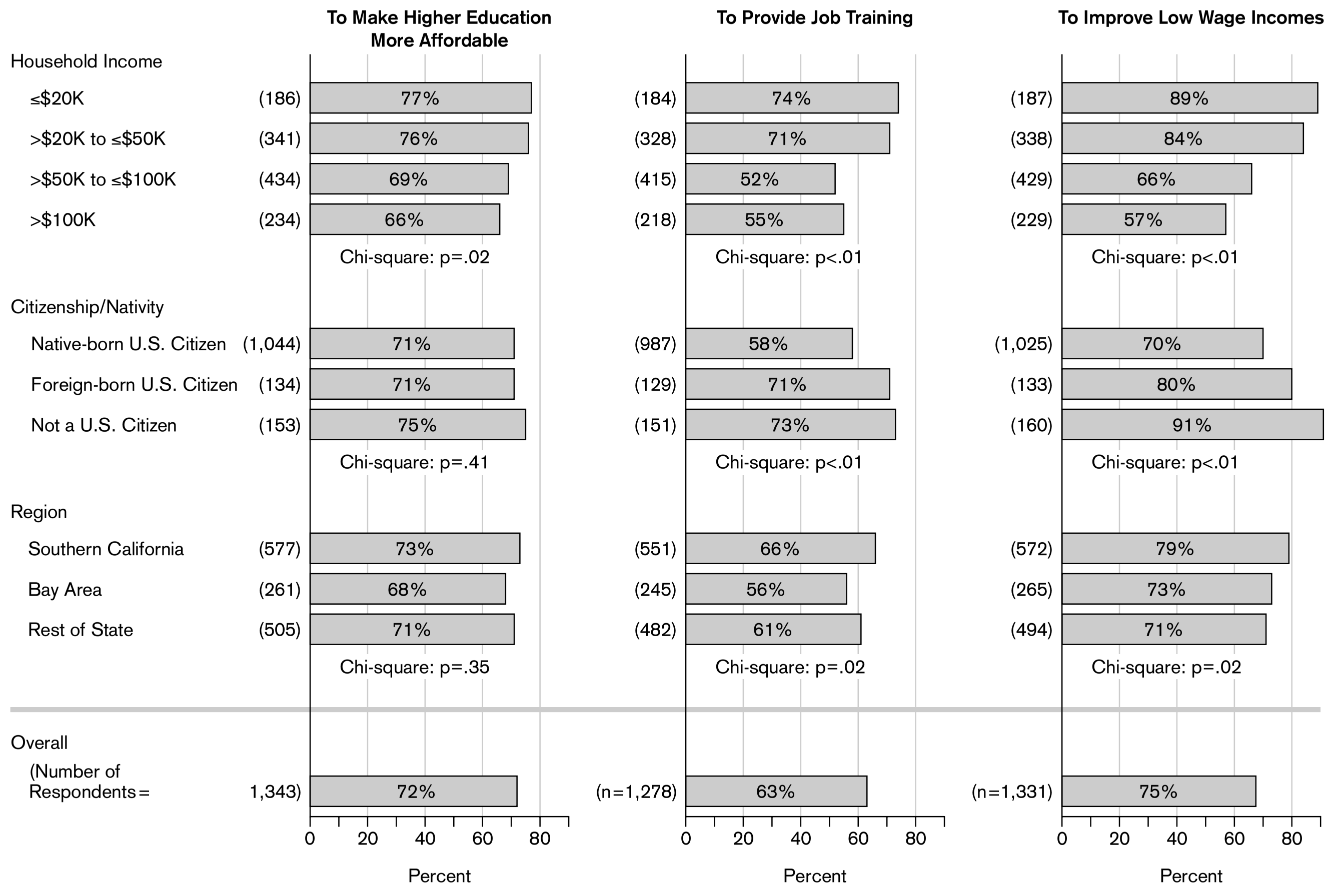



FIGURE 4.7 Respondents Saying California Government "Should Do More" about Economic Problems, by Type of Problem and Selected Characteristics

SURVEY QUESTIONS: "Now let's talk about what the State of California should be doing about the problems people face. For each of the problems I mention, please tell me whether you think the State government in California is doing enough to help people with these problems, whether it should do more, or whether it is already doing too much? "How about providing adequate health care for all Californians? Do you think the government in California is doing enough on this, should it do more, or is it already doing too much?" "How about seeing that people who need unemployment insurance payments receive them?" "(How about) making housing more affordable for low and moderate income families?" "(How about) making higher education more affordable?" "(How about) providing training for people seeking to improve their job situation?" "(How about) improving the incomes of low wage workers?"

on improving low-wage incomes, with 89 percent of those earning $20,000 or less saying that the state should do more but only 57 percent of those earning over $100,000 in agreement.

On most of these questions, the views of the two lowest income categories again tended to be closer to each other, and likewise for the two highest income categories. These differences in policy views by income groups take on political significance because of the high correlation between voting and income levels in our survey (not shown): 78 percent of those in households earning over $100,000 a year reported voting in the last election, whereas only 54 percent of those in households earning $20,000 or less did so. Of those earning over $20,000 up to $50,000, 59 percent reported voting, compared with 75 percent of those earning over $50,000 up to $100,000. Of course, noncitizens, who are disproportionately represented among the lower income categories, cannot vote.

The survey revealed significant differences in the views of racial and ethnic groups on whether the state should do more to address economic problems (not shown). In line with most opinion polls, African American respondents were especially likely to support government action. Latinos generally followed suit, with Asians and Anglos somewhat less supportive. But despite these differences, majorities of each racial and ethnic group favored a greater government role in addressing these problems, with the exception of unemployment insurance. In this case, only 34 percent of Anglos and 45 percent of Asians said that California should do more, compared with 74 percent of African Americans, and 60 percent of Latinos.

When sorted by gender and region, the survey responses revealed small differences in views about government action. Women were somewhat more likely than men were to say that the state should do more, with differences ranging from 5 to 10 percentage points. The differences across region were also small and consistent. Respondents from Southern California were consistently more likely (by 5 to 10 percentage points) to say that government should do more than were respondents from the Bay Area—on all problems except for housing. Respondents from the rest of California were less supportive of a government role in making housing more affordable, but here too, majorities in all regions responded that the state should do more to address the economic problems.

In sum, the majority of Californians support a greater government role in addressing economic problems, with the exception of unemployment insurance. But within this overall picture, there are some salient distinctions. Those earning above the median income, who are most likely to vote, are less likely to support more government action on the income-related issues that are of most concern to the less well-off.

### Setting Priorities for the State

Although reducing taxes is a potent political issue, national opinion polls tend to find that respondents are willing to pay higher taxes for many categories of social spending.[7] In our survey a majority of respondents said they would be willing to pay higher taxes for most of the purposes we listed. Only 15 percent said they were not willing to pay for any additional state services.

As Figure 4.8 shows, no single problem stood out among those respondents who said they wanted the state to do more about a problem and who also were willing to pay higher taxes to address the problem. The most frequently cited problem for which these respondents were willing to pay higher taxes was providing adequate health care: 24 percent of these respondents identified this as most important. Next in line were making higher education more affordable, at 16 percent; making housing more affordable for low- and moderate-income families, at 15 percent; and improving the incomes of low-wage workers, at 14 percent.

There were significant differences in these rankings by household income, however. Those earning $20,000 or less were more likely than others to name improving the wages of low-wage workers as the most important problem. Specifically, 26 percent of those earning $20,000 or less identified this as the most important problem, compared with 14 in the next highest income category, 10 percent of those earning over $50,000 up to $100,000, and only 6 percent of those earning over $100,000. By contrast, those in the highest income category were much more likely than those in the lowest to say that providing adequate health care for all Californians was the most important issue. Those with less education were more likely than college graduates to say that making higher education more affordable was the most important problem (not shown). In this case college graduates were the outliers. Only 9 percent of college graduates said that making higher education more affordable was the most important problem, whereas 18 percent of those with some college, 14 percent of high school graduates, and 14 percent of those who had not completed high school ranked access to higher education as the most important problem.

The responses based on citizenship status were similar to those based on different income levels, as shown in Figure 4.8. Noncitizens were considerably more likely, than others to identify low wages as the most important problem (29 percent), compared to 20 percent of foreign-born U.S. citizens and 9 percent of U.S.-born citizens. Noncitizens and foreign-born U.S. citizens were more likely than U.S.-born citizens to say that making higher education more affordable was the most important problem. Different priorities are also evident when we look at different racial and ethnic groups (not shown). Latinos were more likely than the other groups to name low wages and affordable higher education as the most important problems.

Two regional differences stand out in Figure 4.8. Respondents from Southern California were twice as likely as those from the Bay Area to identify making higher education more affordable as the most important problem, with respondents from

7. See the discussion of other research on this topic in Gilens (1999: 192–95). As he notes, there are exceptions to the public's general willingness to pay higher taxes for social programs. Surveys show, for example, that only about 28 percent of respondents say they would pay higher taxes to support welfare.

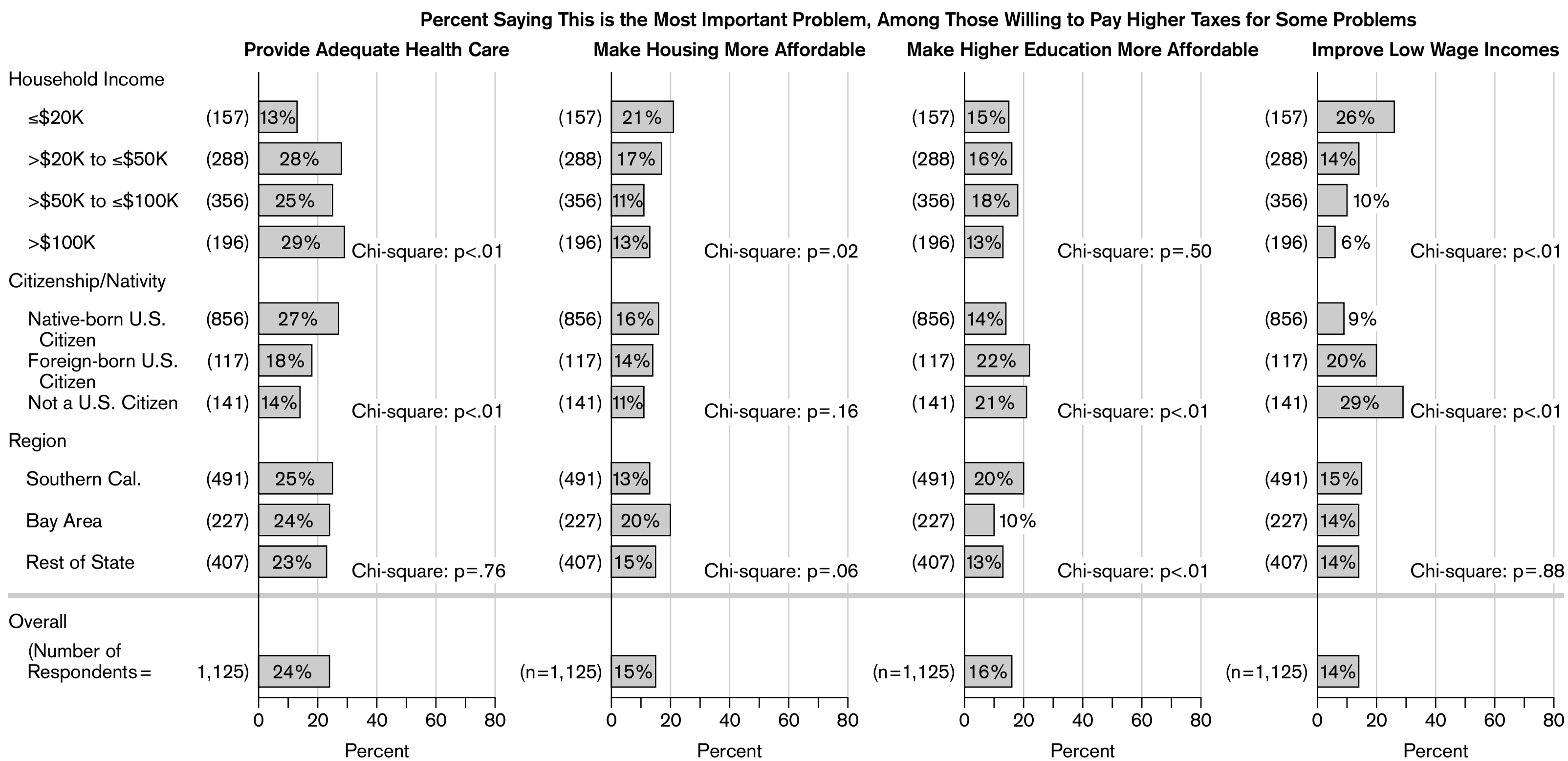



FIGURE 4.8 Problems Identified by Respondents as "Most Important," by Selected Characteristics

SURVEY QUESTIONS: VERSION IF ONLY ONE PROBLEM MENTIONED: "You mentioned that the State of California should do more in one area. Taking into account that this is supported by tax money, we'd like you to indicate whether you would be willing to pay any additional taxes to support that additional service." VERSION IF MORE THAN ONE PROBLEM MENTIONED: "You mentioned that the State of California should do more in some areas. Taking into account that these things are supported by tax money, we'd like you to indicate, for each one you mentioned, whether you would be willing to pay any additional taxes to support those additional services." IF NO PROBLEM MENTIONED, RESPONDENT NOT ASKED THIS QUESTION. "Now I'm going to ask you to choose which of these services you think is the most important problem for the State of California to deal with. You said that you would be willing to pay some additional taxes every year for the following additional services." (READ LIST.) "Which of these do you think is the most important problem for the State of California to deal with?" "How about providing adequate health care for all Californians? Would you be willing to pay some additional taxes every year for that?" "How about making housing more affordable for low and moderate income families?" "How about making higher education more affordable?" "How about improving the incomes of low wage workers?"

elsewhere in California in the middle. And Bay Area respondents were more likely to name housing affordability for low- and moderate-income families than were respondents from other areas of the state.

In sum, the majority of Californians say they want the state to do more to address issues of economic and educational opportunity, and they also say they are willing to pay some additional taxes for those purposes. When it comes to priorities, however, no single issue stands out as the highest priority. And there are some significant differences of opinion between the least advantaged Californians and those who are better off. Those with lower incomes, Latinos, noncitizens, and foreign-born U.S. citizens are much more likely than others to say that improving low wages and housing affordability are the most important problems that California faces. Those with less education place a greater emphasis on improving access to higher education.

## STRATEGIES FOR ADDRESSING THE STATE'S ECONOMIC PROBLEMS

Further questions in the survey delved into greater detail about a range of strategies that might help address economic problems in the state.

### Raising the Floor: Perspectives on the Minimum Wage

Since the 1930s the minimum wage has been an important tool for improving the incomes of the lowest paid workers. But as many studies have shown, the real value of the federal minimum wage has declined significantly over the years (Bernstein and Chapman 2002). California, like 10 other states, sets its own minimum wage higher than the federal minimum. It too, however, is well below the value of the federal minimum wage at its height in the 1960s. For most of the period of this survey, the federal minimum wage was $5.15 an hour, and the California minimum wage, $6.30 an hour.[8]

Opinion surveys routinely indicate very strong public support for raising the minimum wage. For example, in 1996, the last time Congress debated increasing the federal minimum wage, public opinion polls showed levels of support at 84 percent.[9] Our survey likewise revealed solid majorities in favor of raising the minimum wage. Yet the way people think about the minimum wage is likely to vary. Because salaried workers are less likely to think in terms of hourly wages—and their last experience with a job paid by the hour may have been long ago—the survey asked the question about the minimum wage in two different ways. Interviewers told a random half of

8. California raised its minimum wage to $6.75 on January 1, 2002. Most of the interviews for this survey took place before that date. To avoid problems of comparability, the interviewers skipped the questions about the minimum wage (reported below) for those respondents (88 cases) interviewed after January 1, 2002.

9. See the discussion in Weir (1998: 294–95).

the respondents that the minimum wage in California was $6.30 an hour and asked whether the state should increase it or keep it the same. For the second half of the respondents, interviewers asked the same question but told them that the hourly minimum wage translated into $13,000 a year for someone working full-time. As Figure 4.9 shows, support for the minimum wage was higher among the respondents who were told the yearly equivalent. Among those given only the hourly rate, 70 percent said the state should raise the minimum wage; among those also told the yearly salary equivalent, 78 percent supported an increase.

When asked about how much the minimum wage should be increased, respondents who were told the annual salary equivalent favored a much higher minimum wage (not shown). Of the respondents who supported raising the minimum wage and were given only the hourly amount, 73 percent selected $8.00 an hour or less as their preferred minimum wage. An $8.00 minimum wage translates into a $16,640 annual salary, below the official poverty level for a family of four with two children, which was $17,960 in 2001 (U.S. Census Bureau 2002). For those who were given the annual wage figures, only 24 percent chose a salary below $17,000 a year. Indeed, half of the respondents who responded with annual salary figures for a full-time year round minimum wage workers thought that the minimum wage should be increased to $20,000 or more a year, equivalent to $9.62 an hour.

As Figure 4.9 shows, support for increasing the minimum wage varied in much the same way as responses to the questions about low wages discussed in the previous section. Those with the lowest incomes or least education, Latinos, African Americans, and noncitizens expressed the strongest support for raising the minimum wage.[10] Among different regions of California, respondents from Southern California expressed the strongest support for increasing the minimum wage, followed by Bay Area respondents, and finally those from the rest of California. But majorities of all groups supported an increase.

The strong support for increasing the minimum wage is not surprising. Americans tend to favor government programs that reward work. With the current minimum wage well below the poverty level for a family of four (for full time year-round work), most Americans believe that the minimum wage is not doing enough to "make work pay." It is interesting to note that not only does support for raising the current minimum wage increase by 8 percentage points when respondents are told what the minimum wage means in terms of an annual salary, but that support for a much higher wage also emerges. These differences in patterns of support suggest that when respondents better understand the economic circumstances that low-wage workers confront, they are more likely to support policies that help them.

10. It is interesting to note that the two middle educational categories—those with a high school degree and those with some college—were somewhat less likely than the most highly educated group to support an increase when asked the hourly version of the question; but their support exceeded that of the most highly educated group when asked the annual salary version of the question. (These results are not shown in figure 4.9.)

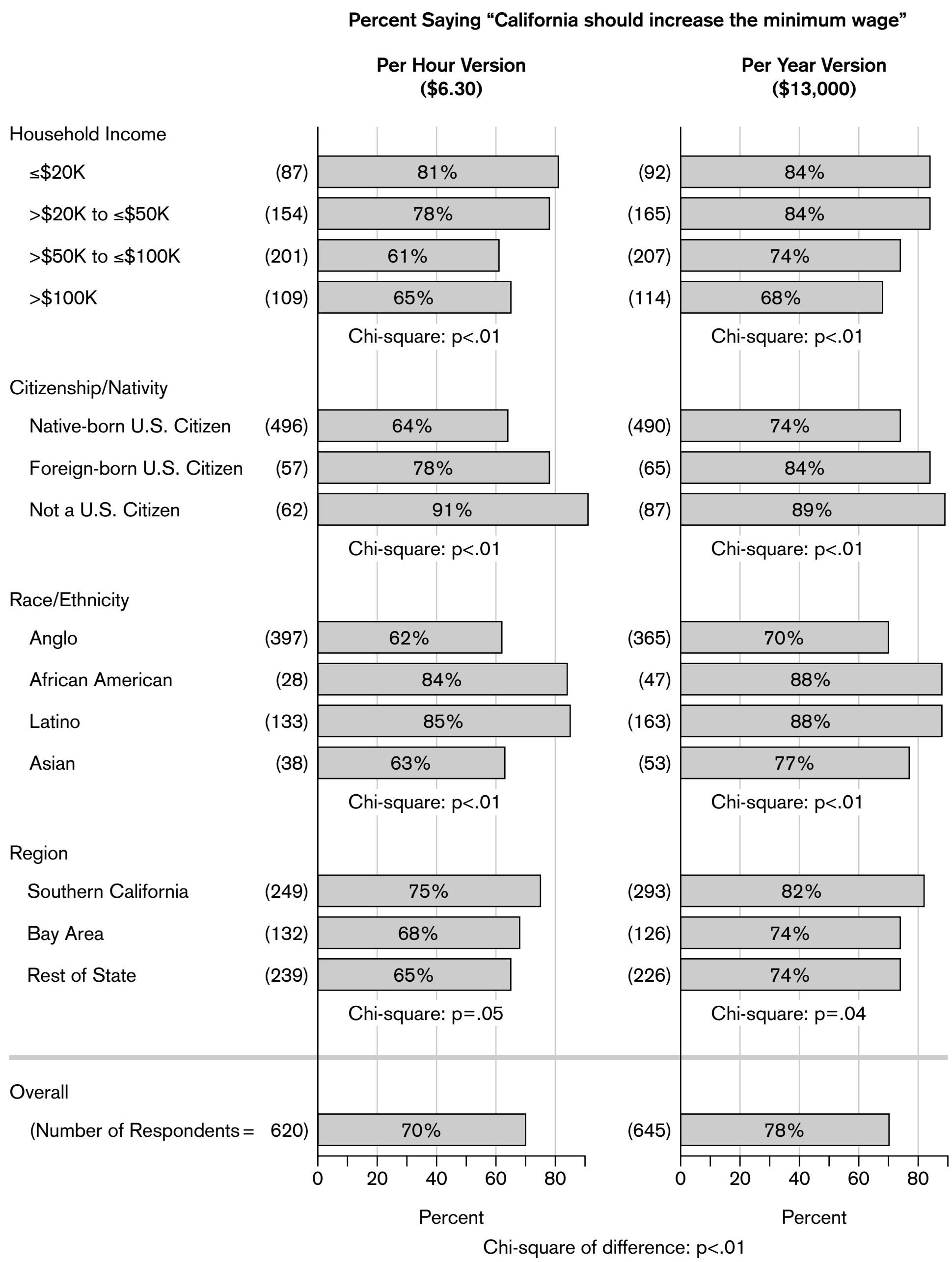



FIGURE 4.9 Respondents Saying California Should Increase the Minimum Wage, by Selected Characteristics

SURVEY QUESTION: "Currently the minimum wage in California is $6.30 per hour [which means that someone working full-time for a year at the minimum wage would earn about $13,000]. Do you think California should increase the minimum wage, or should it stay the same?"

### Reducing Polarization: Perspectives on Unions

Historically, unions played a central role in making the United States a middle class society. By raising wages and securing benefits for jobs that had been low paying, unions helped set expectations about the level of economic and social security due to all American workers. Declining membership over the past three decades, however, has eroded unions' power to temper the rising economic polarization of the workforce, which is especially pronounced in California. The rate of unionization in California's nonagricultural workforce was 16 percent in 2001 (Hirsch and Macpherson 2002.)

Because unions are such an important institution for combating labor market polarization, the survey was designed to ask a range of questions on how workers think about unions. We asked whether workers want unions, what they think unions will or will not do for them, and what is most important to them among the things that unions do.[11]

The first question the survey asked was whether union members would vote to keep their union if an election were held today. A solid majority of union members, 83 percent, said they would vote to keep their union; 15 percent said they would vote to get rid of it. When asked to rate their experience with unions, 23 percent of members said that it was highly satisfactory and 50 percent said it was satisfactory.

The survey asked nonunion workers whether they would vote to join a union; 49 percent said that they would, and 51 percent said they would not.[12] These results diverge from those found in earlier nationwide surveys, which typically show that one-third of workers who do not now belong to a union say they would vote for one. However, a 2002 poll conducted for the AFL-CIO by Peter D. Hart Research Associates (2002) found that 50 percent of nonunion employees would vote for a union, a substantially higher percentage than reported in similar surveys conducted in previous years.

A closer look at the demographic characteristics of those who said they would vote to join a union reveals some interesting patterns. Gender differences in support for unions are small in California, with 48 percent of men and 47 percent of women saying they would vote for a union.

11. Although some of our questions are similar to those asked in Freeman and Rogers (1999), there are important differences in who was asked these questions. Their workforce survey focused on employees in private sector establishments of 25 or more employees. They excluded top mangers, the self-employed, owners or relatives of owners of firms, public sector workers, and employees in small firms. Our sample included public sector workers and excluded any workers who were employed in a supervisory capacity (who may be ineligible for union representation). Our survey oversampled union members so that we would have a large enough sample to provide statistically significant results for union members. The analyses included a weighting variable to correct for the oversample.
12. This survey asked this question only of the 251 sample members who were nonsupervisory, nonunion workers.

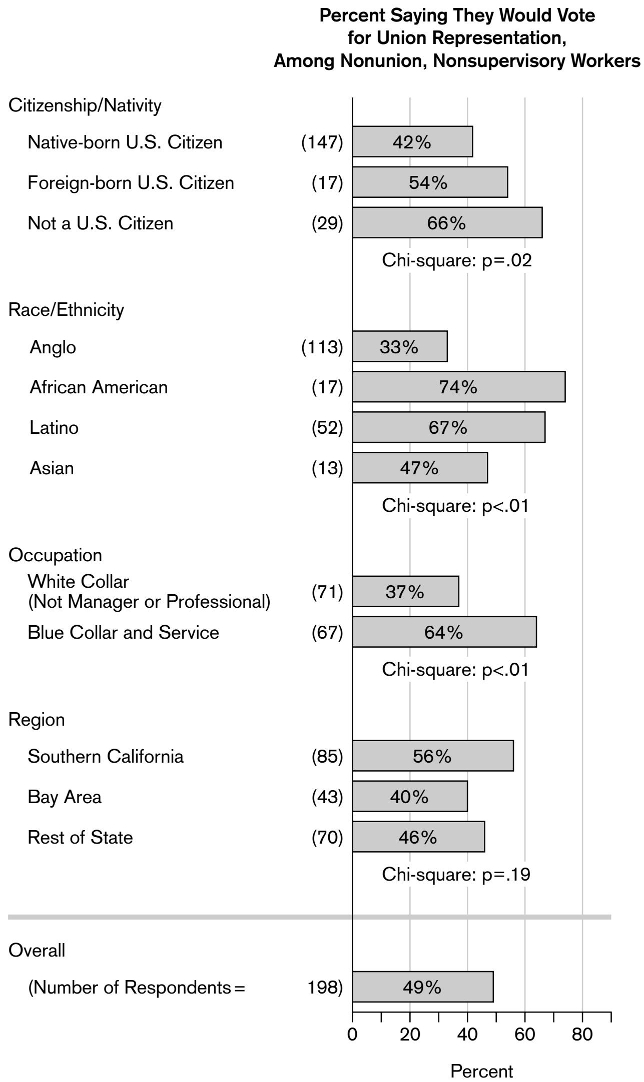



FIGURE 4.10 Respondents Saying They Would Vote for a Union, among Nonunion, Nonsupervisory Respondents, by Selected Characteristics

SURVEY QUESTION: "If an election were held today to decide whether employees like you should be represented by a union, would you vote for the union or against the union?"

Statistics by race and ethnicity, reported in Figure 4.10, are especially revealing. Among Anglos 33 percent of those not now in a union said that they would vote to join a union. African American and Latino workers were much more likely to support unions, with 74 percent and 67 percent expressing support, respectively. Likewise, noncitizens (84 percent of whom were Latino in our survey) were more supportive of unions than were foreign-born U.S. citizens. Native-born U.S. citizens were the least supportive, but with 42 percent saying they would vote for a union, they still showed substantial union support. Not surprisingly, workers in service and blue-collar occupations were more supportive of unions, at 64 percent, than were nonmanagerial, nonprofessional white-collar workers, at 37 percent. Finally, as Figure 4.10 shows, support for unions was higher in Southern California than elsewhere in the state, a departure from the anti-union stance historically associated with Los Angeles.

The survey also asked what respondents thought unions were most effective in providing for their members: respect and fair treatment on the job, more say in workplace decisions, or better pay and working conditions. On none of these issues did a majority of workers rate unions as "very effective," the highest of the four categories they could choose. Of the three issues, providing better pay and working conditions received the highest percentage (32 percent) of respondents rating unions as very effective. Yet a solid majority of workers said that unions are somewhat effective in all three areas. Union members were slightly more likely than nonunion members were to rate unions as very effective in securing these outcomes.

As Figure 4.11 shows, when respondents were asked to choose which of these three outcomes unions were most effective in providing, by far the majority, 69 percent, said providing better pay and working conditions. When sorted by citizenship status, the results for native-born and foreign-born U.S. citizens were similar, with 72 percent of both groups ranking unions as most effective in providing better pay and working conditions. Among noncitizens, the figure was lower, with 55 percent stating that unions are best at securing better pay and working conditions. Instead, noncitizens were more likely than the other two groups to say that unions were best at providing respect and fair treatment on the job; the responses were 33 percent of noncitizens versus 20 percent of foreign-born U.S. citizens, and 17 percent of native-born citizens. The higher evaluation of unions' ability in this regard is also evident in the responses of Latinos and African Americans, who were about twice as likely as Anglos and Asians to say that unions are best at providing respect and fair treatment. A majority of all racial groups, however, believed unions are best at providing better pay and working conditions.

When we asked respondents to rank the importance of each of these three areas to them personally (not shown), three-fourths ranked both respect and fair treatment and better pay and working conditions as "very important" (the most favorable response of a possible four). Only half rated having more say in workplace decisions as very important. Over 90 percent of noncitizens said that respect and fair treatment was very important to them, slightly higher than the 85 percent of noncitizens who said that better pay and working conditions were very important. Noncitizens were more likely to rank each of the three issues as very important than were the other two groups.

The survey thus suggests that the California workforce is unusually open to unionization. The high percentage of Latino noncitizens in the labor force accounts

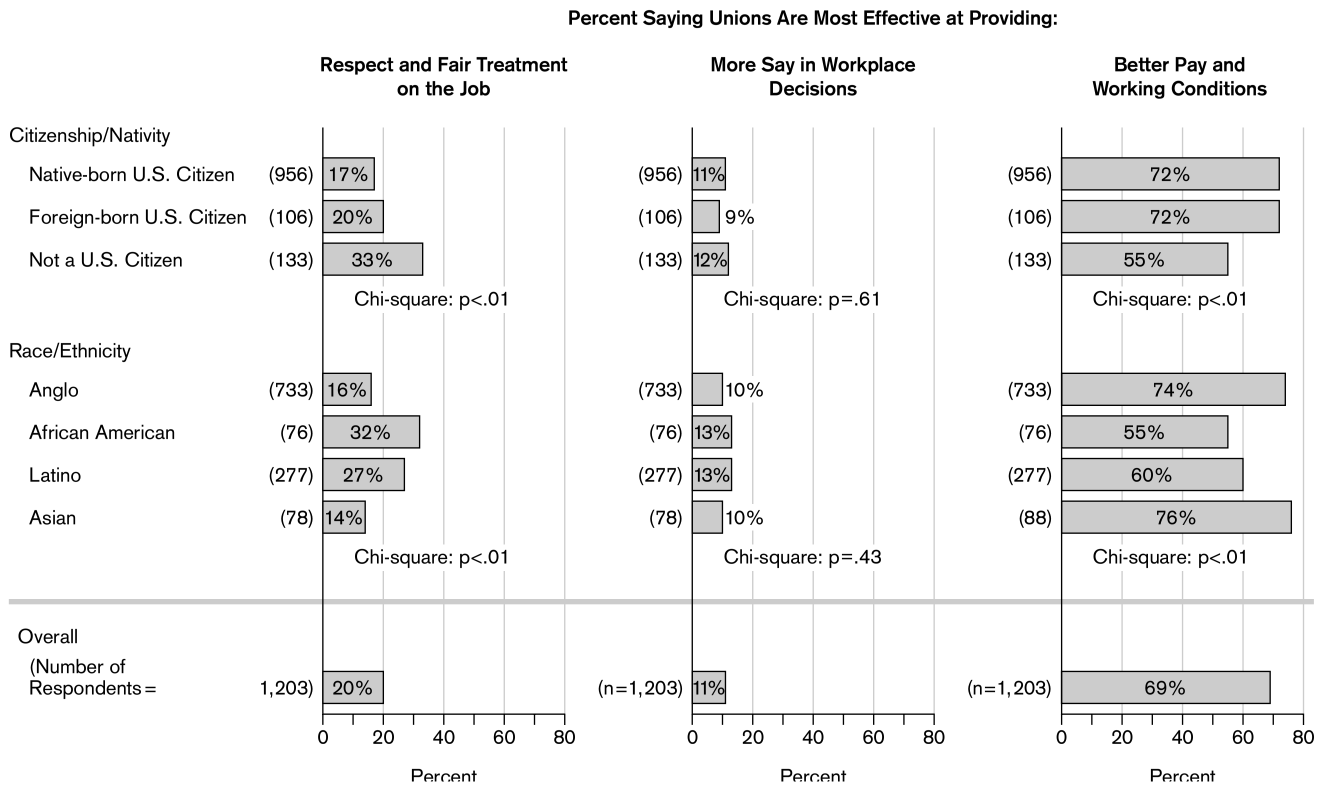



FIGURE 4.11 Workplace Improvements Identified by Respondents as Most Effectively Provided by Unions, by Respondents' Citizenship/Nativity and Race/Ethnicity

SURVEY QUESTION: "Which of these three things I just mentioned, do you think unions are most effective at providing for their members? Would you say more respect and fair treatment on the job, more say in workplace decisions, or better pay and working conditions?"

for an important part of this union support. Nearly half of California workers view unionization as an important tool for addressing low wages, one of the key elements of economic polarization.

**Balancing Responsibilities: Perspectives on Work, Care Giving and Family**

California's postindustrial society creates not only economic concerns, but also challenges in combining work with responsibilities for care giving on the home front. Once carried out within the family, care giving became more difficult as women entered the workforce in large numbers. Families must now juggle work responsibilities with their need to care for their children and elderly relatives. The CWS sought to assess how big a problem this is for California workers. In considering the available means of easing the problem, the survey paid special attention to family leave policies that allow workers to take time off from the job to care for family members.

When asked about their personal problems, the majority of respondents reported that they did not need to find childcare (69 percent) or eldercare (70 percent) (not shown here). Of those who did need to find such care, solid majorities reported, in each instance, that it was not really a problem at all. For example, among those needing to find childcare, 69 percent reported that finding childcare was not really a problem. Even among those with household income of $20,000 a year or less, a majority (53 percent) reported that finding childcare was not really a problem. Nevertheless, as Figure 4.12 shows, it is significant that 38 percent of this lowest income group said that finding childcare was a very serious or moderately serious problem. Because women leaving welfare are likely to work in low-wage jobs, difficulties in finding childcare are likely to pose a barrier to a significant minority of this group (Loprest 1999). The question about eldercare showed a similar pattern but revealed that eldercare was an even greater burden on low-income families than was childcare. Fully half of respondents earning $20,000 or less who needed to find elder care reported that it was a very serious or moderately serious problem, a much higher rate than in any of the other three income groups. Surprisingly, there was little gender difference in the responses to these two questions (not shown).

Despite the fact that only a minority of respondents reported having trouble with care giving responsibilities, large majorities of our respondents believed that the state should do more to make childcare (72 percent) and eldercare (80 percent) more affordable (Figure 4.13). The pattern of responses for these questions was similar to those reported in the previous section about housing and health care: Respondents of all income levels supported the need for more state action, at similar levels. This pattern of comparable support across income levels for state-subsidized services such as medical care, childcare, and eldercare stands in sharp contrast with the pattern of different levels of support for solutions that are directly related to the ability to pay for the services, such as low wages.

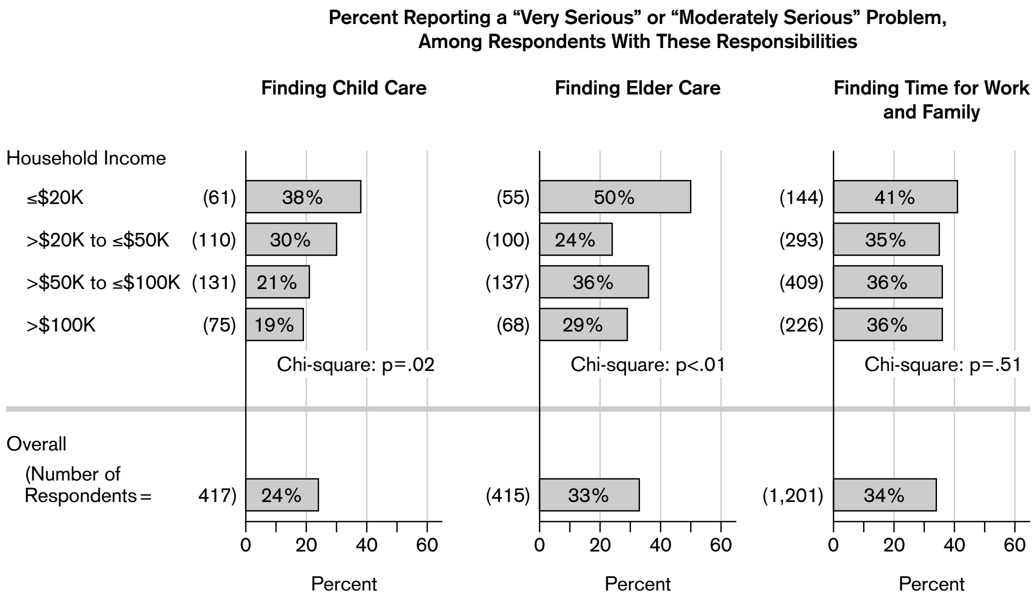



FIGURE 4.12 Respondents with Selected Family Care Problems over the Past Year, by Household Income

SURVEY QUESTIONS: "Now I'm going to read a list of problems some people have had lately. For each one please tell me how serious a problem it's been for you or your family in the past year." "(How about) finding child care? (In the past year has this been a very serious problem, a moderately serious problem, a small problem, not really a problem at all, or didn't you need to find child care?)" "(How about) finding care for an elderly relative?" "(How about) finding time for both work and family responsibilities?"

In addition to asking respondents about these specific problems of care giving, the survey also asked about the more general problem of finding time for work and family. As the last column of the previous Figure, 4.12, shows, among those who said that they had both work and family responsibilities (86 percent of respondents), over a third stated that finding time for both was either a very serious or a moderately serious problem. The differences among subgroups of respondents were small (not shown), including those between men and women. Among different income groups, those in the lowest income category reported the greatest problems, but over a third of respondents in all income categories said that finding time for both family and work was a serious problem.

Making childcare more affordable has long been viewed as a key measure in helping workers to manage their work and family responsibilities. More recently, family leave policies have joined the menu of initiatives designed to ease the difficulties many families face. In 1993 the Family and Medical Leave Act (FMLA) became federal law; California passed its own statute, the California Family Rights Act (CFRA), the same year (Brown 2002). The two measures guarantee 12 weeks of unpaid leave annually for workers to care for a newborn or newly adopted child or to attend to a

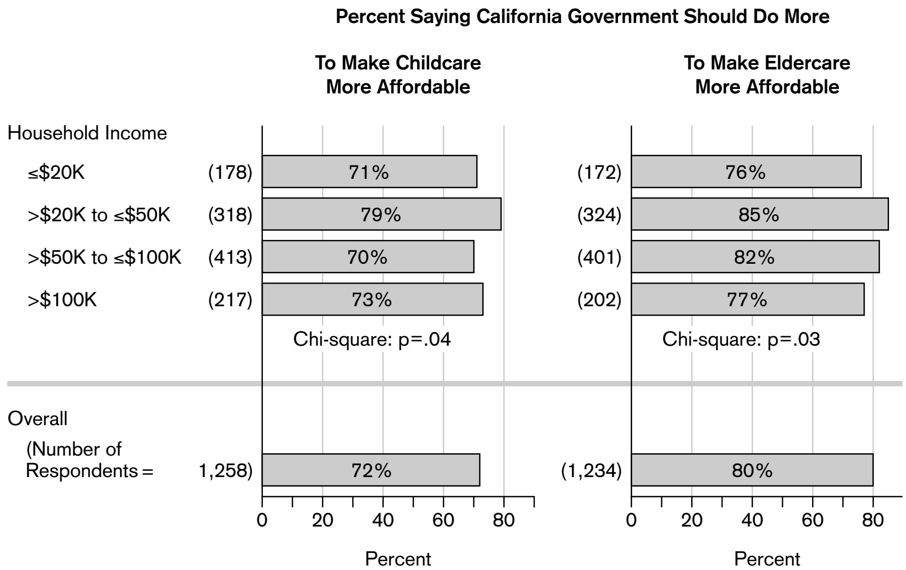



FIGURE 4.13 Respondents Saying California Government "Should Do More" to Make Childcare and Eldercare Affordable, by Household Income

SURVEY QUESTIONS: "Now let's talk about what the State of California should be doing about the problems people face. For each of the problems I mention, please tell me whether you think the State government in California is doing enough to help people with these problems, whether it should do more, or whether it is already doing too much?" "(How about) making child care more affordable for all California families?" "(How about) making elder care more affordable for all Californians?"

serious health condition of the worker's child, parent, or spouse, or for the employee's own serious health condition. The laws apply to workers in firms that have 50 or more employees. A U.S. Department of Labor survey conducted in mid-2000 revealed that 23.8 million workers (approximately 16.5 percent of the workforce) had used the law in the preceding 18-month period (Cantor et al. 2000).

The FMLA was a breakthrough in its effort to address the difficulties that workers face in meeting family responsibilities, but unpaid leave is of limited utility to the many workers who cannot afford to take time off. In the survey, we sought to understand what California workers know about the federal family leave law and whether they have been able to take advantage of it. We also sought their views about proposals to introduce paid family leave in California.

Some eight years after its passage, 46 percent of respondents were not aware of family leave law. As Figure 4.14 shows, whether respondents' awareness of the law varied sharply by household income, citizenship, and whether the respondent was a union member. Only 36 percent of respondents with income $20,000 or less had heard of the law, compared to 42 percent of those earning over $20,000 up to $50,000, 67 percent of those earning over $50,000 up to $100,000, and 71 percent of those earning over $100,000. In other words, the awareness gap between the high-

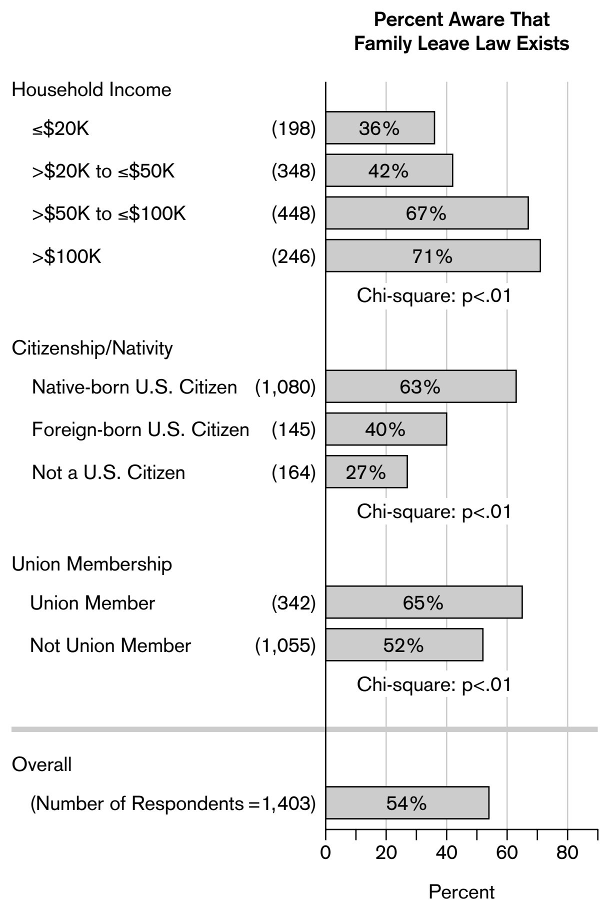



FIGURE 4.14 Respondents' Awareness of Family Leave Law, by Household Income, Citizenship/Nativity, and Union Membership Status

SURVEY QUESTION: "Under current law, many workers have the right to take up to 12 weeks of unpaid leave per year for the birth or adoption of a child, or to care for a seriously ill child, parent or spouse. Do you know about this law or are you not aware of it?"

est and lowest income groups was 45 percentage points. Similar differences were evident across occupational categories (not shown), although they were somewhat narrower. As shown in the figure, noncitizens and foreign-born U.S. citizens were much less likely than native-born U.S. citizens to have heard of the law. Union members were more likely than nonunion members to have heard of the law.

The survey also inquired whether workers who wanted to take time off from work for the birth or adoption of a child or to care for a seriously ill child, parent, or spouse did so, and if they did not, why they did not (not shown). Of the 35 percent who responded that they ever took or wanted to take time off for these purposes, 77 percent said that they did take time off. Nearly half (45 percent), however, said that

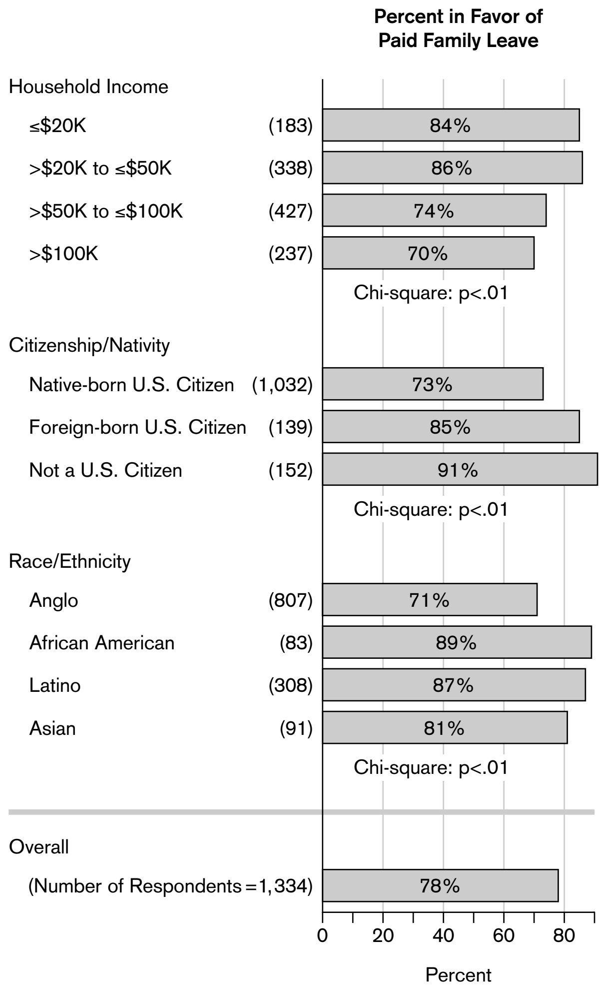



FIGURE 4.15 Respondents' Support for Paid Family Leave, by Selected Characteristics

SURVEY QUESTION: "Under current law family leave is unpaid. Would you be in favor of paid family leave for new parents or to care for a seriously ill child, parent or spouse?"

they took off less time than they wanted. Of these, 39 percent said that they took off less time or no time because they were not aware of their rights under the family leave law; 74 percent said they took no time off or less time off because they could not afford to take unpaid leave.[13] Almost a third of respondents stated that they took less or no time off because their employer would not allow it; 28 percent said they limited time off because they were not eligible for family leave.

13. Respondents could give more than one reason for taking less time off, or no time off; hence these responses sum to more than 100 percent.

As Figure 4.15 shows, when asked whether they support making family leave paid for new parents or for caring for a seriously ill child, parent, or spouse, over three-fourths of all respondents favored the idea. Within groups sorted by income, citizenship, and race and ethnicity, those with the lowest income, noncitizens, and African Americans and Latinos supported paid family leave at higher levels (by at least 15 to 20 percentage points) than those with higher incomes, native-born citizens, and Anglos and Asians. It is important to note, however, that large majorities of all these groups supported paid family leave. Women were also somewhat more likely than men to support paid family leave (not shown).

Finally, the survey also advised respondents that there is a proposal in California to provide benefits up to one half of lost wages—similar to unemployment payments—for people who need to take family leave and that, to support this benefit, some additional payroll deductions would be necessary. Respondents then had a choice of monthly deductions $6, $4, or $2. A majority of respondents, 57 percent, said they would be willing to pay $6 per month to support the program; 5 percent said they would pay $4 per month; 3 percent said they would pay $2 per month; and 35 percent said that they would not be willing to pay for a deduction.

In September 2002, as this volume was going to press, Governor Davis signed SB 1661, which will offer partial replacement of income for up to six weeks of family leave, through employee contributions to the state disability insurance fund. Scheduled to go into effect in 2004, the law will be the most comprehensive such law in the United States. Given the strong public support for paid family leave found in our survey, California's implementation of the Act is likely to be the subject of widespread national attention.

## CONCLUSION

Even as the economic boom of the late 1990s waned, the majority of Californians were faring well economically. With the exception of home buying, the majority of respondents in our survey believed that the economic problems they confronted were small or not really a problem at all. Yet the wide income polarization in the state means that households with less than the median income experienced much more hardship than those with higher incomes. The differences between households in the lowest and those in the highest income categories are often quite striking, with those with less income reporting substantial hardship and those with the highest income, very few problems. Income differences are strongly linked to educational levels, citizenship status, and racial and ethnic background. Latinos and African Americans, those with less than a high school education in particular, and noncitizens reported experiencing far more hardship than other groups.

Nevertheless, despite the fact that the majority of Californians did not personally experience such problems, large majorities in the survey believed that income polarization and problems accessing basic services such as health care were important problems for the state. By substantial majorities, respondents wanted the state to do more to address these problems. A closer look at their preferences revealed some important differences, however. Higher income respondents were less likely to believe that the state should address problems directly related to income disparities—such as doing something about low wages—than were those who were less well-off. For lower income groups, doing something about low wages was a high priority.

The survey also captures some important trends related to immigration. The high numbers of immigrants with low wages appear to have made Southern California more supportive of government action than the Bay Area, otherwise long famed for its liberalism. The strong support immigrants show for unions has also played a role in Californians as a whole being unusually receptive to unionization, which most respondents view as an effective means to gaining better wages and working conditions.

Despite the differences in policy priorities among the most and the least advantaged Californians, a substantial majority of all respondents believes that income polarization and its consequences pose serious problems for the state. The problems that lower income and less-educated workers face in obtaining further training and in finding childcare and eldercare do not bode well for the state and suggest that opportunities for upward mobility are now facing serious limits. Despite the constrained state budget, measures that reduce inequality and promote opportunity remain urgent priorities for the future of California.

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# Labor Law Enforcement in California, 1970–2000

LIMOR BAR-COHEN and
DEANA MILAM CARRILLO

In 1927 the state of California established the Department of Industrial Relations (DIR) to improve working conditions for California's wage earners and to advance opportunities for gainful employment in California.[1] Among its many duties, the DIR has primary responsibility for enforcing the state's labor laws. Within the DIR the Division of Labor Standards Enforcement (DLSE) enforces California's wage and labor standards, and the California Occupational Safety and Health Program (Cal/OSHA) enforces workplace safety. These agencies are responsible for protecting the legal rights of over 17 million California workers and regulating almost 800,000 private establishments, in addition to all the public sector workplaces in the state (U.S. Census Bureau 1999). Their effectiveness—or lack thereof—is of great significance for working people throughout the state.

Today, despite the efforts of the agencies, noncompliance rates remain extremely high in many industries, and thousands of California's workers remain unprotected. In 2001 alone the DLSE fined employers over $20 million in back wages for noncompliance with California's labor standards (Lujan 2002). In the same year approximately 6 out of every 100 California workers sustained an injury due to unsafe conditions on the job (U.S. Department of Labor 2000a). A study by the U.S. Department of Labor found that two-thirds of garment employers in Los Angeles violated minimum wage or overtime laws, or both, in the year 2000 (U.S. Department of Labor 2000b). Although the 33 percent compliance rate is an improvement over the 1996 figure of 22 percent, it is still far from ideal.

An equally important concern is the difficulty in assessing the effectiveness of these agencies, because the available data are generally limited to measures of *activity,* and even these measures are often ambiguous. The agencies have few reliable measures of the *outcomes* of the state's labor law enforcement efforts, and in the case of the DLSE virtually no such measures exist.

Since the 1980s labor law enforcement has faced significant challenges stemming primarily from the budget cuts and low staffing levels that were pervasive during the 16 years under the Deukmejian and Wilson administrations. And while funding

1. Thanks to Joy Yang for research assistance and to Larry Frank for his guidance and feedback.

and staffing levels decreased during this period, the divisions' responsibilities have increased.

Governor Gray Davis's administration has made new funding available to the labor enforcement divisions since 1998. Nevertheless, even today their resources remain below the levels of the mid-1980s. Among the key factors shaping the situation are the following:

*Budgetary Constraints.* Between 1980 and 2000 California's workforce grew 48 percent, while DLSE's budgetary resources increased only 27 percent and Cal/OSHA's actually *decreased* 14 percent. Enforcement funding, relative to the numbers of workers and employers in California, has been "decimated" over the last two decades, according to current State Labor Commissioner Art Lujan (Cleeland 2001).

*Low Staffing Levels.* During the same two decades, from 1980 to 2000, DLSE and Cal/OSHA staffing levels have *decreased* 7.6 percent and 10.8 percent, respectively, despite California's growing economy and workforce and the divisions' burgeoning responsibilities.

*Managing New Responsibilities.* New responsibilities under legislation passed in recent years have placed new demands on the agencies. Although the laws were certainly intended to provide new enforcement tools, not simply additional work, they often went into effect without providing adequate resources for effective implementation.[2] Examples of such legislation include:

- Senate Bill 975, which expanded the prevailing wage law to include many more construction projects, thus requiring the DLSE to expand its oversight and investigation capabilities;
- Assembly Bill 60, which restored California's original eight-hour overtime law that had been amended under former Governor Wilson;
- Assembly Bill 1127, which raised the fines for noncompliance with safety and health laws to levels that strengthen deterrence and include unpaid wages in the civil penalty citation;
- Assembly Bill 633, which held parent or lead companies accountable for their contracting companies' noncompliance, specifically within the garment industry. (See Appendix 5H for additional legislative examples.)

*Decline in Union Density.* Union density in California has declined sharply over the past 30 years. Since unions often actively monitor firms' implementation of labor laws and push to correct violations, deunionization effectively adds to the

2. For example, in 1999 the state legislature passed AB 921, requiring the DIR to conduct a statewide comprehensive audit of all the programs overseen by the Division of Apprenticeship Standards (DAS). California has approximately 1,400 such programs, but to date DAS has audited only a handful of them. Funding cuts have hampered the DIR's ability to perform these audits.

workload of DLSE and Cal/OSHA. Employees in nonunion settings are often unaware of the labor laws that protect them, and even when they are, they may be fearful of speaking up.

*Changing Industrial Composition.* In the 1970s manufacturing and construction had the highest shares of workplace violations in California. Over time, however, employment growth has become concentrated in the high-skilled, technology, and value-added industries on one end, and in low-skilled low-wage jobs on the other. Manufacturing jobs remain plentiful, but today most are in small, nonunion establishments that are often unsafe and that tend to have relatively high rates of labor law violations. Serious violations are especially widespread in the garment, agricultural, construction, and service sectors. In 1999, for example, Cal/OSHA Deputy Chief Mark Carleson stated, "I think there's 100 percent noncompliance in garments [the garment industry] and 75 percent have at least one serious violation" (*Cal/OSHA Reporter* 1999).

*Growing Immigrant Workforce.* Between 1970 and 1999 immigrants' share of the state's labor force rose from 10 percent to 30 percent of the total (Valenzuela and Ong 2001: 58). Effective labor law enforcement in California thus requires agencies capable of communicating with these new immigrant workers, many of whom are not fluent in English. Yet in 2001 Cal/OSHA only had 27 certified bilingual investigators—out of 250—to address the needs of California's industries, many of which have predominantly non-English speaking workforces.

This chapter assesses DIR's field enforcement efforts within the DLSE and Cal/OSHA. We first provide an overview of the two agencies, outlining their structure and the principal tasks they perform. We then go on to review the record of the agencies' field enforcement over the past 30 years—specifically, their allocated budgetary and staffing resources, as well as the resulting inspections, citations, and penalties they carried out. We treat the DLSE and Cal/OSHA in separate sections, as they are distinct agencies with separate mandates, managements, and processes—each with its own strengths and each facing specific challenges.

In addition, we highlight the inadequacy of the measures of these agencies' activities that are currently available. This examination points to the urgent need for measures of *outcomes,* which are currently nonexistent for the DLSE and limited for Cal/OSHA.

Overall, we find that the agencies' budget and staffing allocations have not kept pace with the growth in California's workforce and business establishments and in the agencies' responsibilities. Beginning in 1993, following far-reaching staffing cuts, the number of inspections conducted by both agencies decreased almost steadily until 1998, when it began rising slightly because of augmented funding and staff hiring. In 1988, for example, the DLSE conducted one inspection for every 58 business establishments in California, but by 1999 DLSE was investigating roughly one in every 148 business establishments.

We also find that despite recent increases in funding and staffing —the first in 10 years—the agencies are still operating at 1989 levels. [3] Nevertheless, several key activity indicators, such as the number of investigations, citations, and penalties assessed, have failed to rise in proportion to the new allocations. This could be due to a time lag between receiving new funding and adding staff, the need to train new staff members, or other organizational problems.

## CALIFORNIA'S ENFORCEMENT AGENCIES: A BRIEF OVERVIEW

Labor law enforcement is only one part of a multipronged DIR program designed to protect California's workforce.[4] The DIR's efforts include standard setting, informational and educational programs for employees and employers, apprenticeship training, data collection and research, processes for employers to appeal citations, and criminal investigations. While all of these activities are essential, here we focus on the field enforcement efforts specific to the DLSE and Cal/OSHA.

### The Division of Labor Standards Enforcement

The DLSE's goals are twofold: "to vigorously enforce labor standards with special emphasis on payment of minimum and overtime wages in low paying industries; and to work with employer groups, expanding their knowledge of labor law requirements, with the aim of creating an environment in which law-abiding employers no longer suffer unfair competition from employers who follow unlawful practices" (California Department of Industrial Relations 1998–1999). DLSE provides a range of public services, such as adjudication of wage claims, licensing and registration, and investigations of discrimination complaints. The DLSE has two primary ways of dealing with violations: through its process for wage claim adjudication, and through its Bureau of Field Enforcement (BOFE). [5]

The BOFE, created in 1983, is responsible for overseeing child labor laws, worksite inspections, audits of payroll records, collection of unpaid minimum and overtime wages, enforcement of prevailing wage provisions, confiscation of illegally manufactured garments, and other labor law abuses in the underground economy. Unlike

3. We interviewed management and staff at the DIR, DLSE, and Cal/OSHA, as well as union representatives, attorneys, and other stakeholders. These interviews are the sources for the information reported here, except as otherwise indicated. See Appendix 5A for more details on our methodology.

4. For an organizational chart of the DIR, see *http://www.dir.ca.gov/org_chart/Org_Chart.pdf.* On July 31, 2002, Governor Gray Davis announced the consolidation of several state departments into a new Labor and Workforce Development Agency. The new agency will contain the existing Department of Industrial Relations (DIR) and the Employment Development Department (EDD), along with their boards and commissions; the Workforce Investment Board; and the Agricultural Labor Relations Board.

5. See Appendix 5B for a chart illustrating DLSE's enforcement process.

the adjudication process for wage claims (described below), which responds to individual complaints, BOFE independently initiates workplace investigations and responds to multiple complaints with industry sweeps. When BOFE issues a citation, an employer can choose to appeal the citation through a hearing before an administrative law judge, where the DLSE is one party and the employer, the other. Employers have the right to appeal these decisions further in California Supreme Court.

The DLSE also investigates individual wage claim complaints for nonpayment of wages and violation of overtime laws. This process includes consultations with employers and employees, followed by quasi-judicial hearings if the parties cannot reach a settlement. The DIR established its quasi-judicial wage claim adjudication process in 1976, under legislation that also gives the state labor commissioner the authority to issue final orders on employee-initiated wage claims. These "Berman" hearings, named after the legislator who sponsored the bill, are binding unless appealed within 15 days. Berman hearings provide the aggrieved worker and the charged employer a neutral forum for dispute resolution by deputy labor commissioners. Reliance on these hearings has resulted in a more efficient process, lower user costs for the agency—in both time and money, and lower law enforcement costs for taxpayers.

Employers and workers can appeal a quasi-judicial decision in the courts. If workers wish to do so and their cases go to the courts, DLSE attorneys may represent employee-claimants who could not otherwise afford counsel. The claimants do not necessarily have an automatic right to counsel; DLSE provides representation within the limits of the resources available and based on DLSE attorneys' judgment about the merits of each case. In court the appeal is *de novo*—that is, the prior decision is wiped out and the case is heard all over again. If an employer appeals and is still found liable, then the employer must pay attorney costs for all parties.

Joint enforcement programs involving multiple agencies, such as the Targeted Industries Partnership Program (TIPP) and Joint Enforcement Strike Force (JESF), assist in DLSE's mission. These programs are cooperative efforts among several distinct government agencies that target industries identified as having a history of noncompliance. TIPP, which targets the garment, agriculture, and restaurant industries, is a joint investigative effort of the DLSE, Cal/OSHA, and the U.S. Department of Labor. JESF targets auto body repair shops, bars, and construction companies and works jointly with the Employment Development Department (EDD), Department of Consumer Affairs, Office of Criminal Justice Planning, Franchise Tax Board, Board of Equalization, and the U.S. Department of Justice.

### Cal/OSHA

In 1973, the California Occupational Safety and Health Program, now known as Cal/OSHA, was approved under the terms of the federal OSHA to be administered by the DIR. The program's major units are:

- the Cal/OSHA Enforcement Unit, which enforces workplace safety and health regulations through standards enforcement and the investigation of worksite fatalities, serious injuries, and complaints about workplace hazards;
- the Cal/OSHA Consultation Service (within the Division of Occupational Safety and Health), which offers free training and consultation to assist employers and employees in complying with workplace safety and health regulations;
- the Cal/OSHA Standards Board, which adopts, amends, and repeals the standards and regulations; and
- the Cal/OSHA Appeals Board (under the Director of Industrial Relations, which hears appeals regarding Cal/OSHA enforcement actions.

Both the Enforcement Unit and the Consultation Unit operate within the Division of Occupational Safety and Health (DOSH). As Cal/OSHA's field enforcement arm, DOSH's activities range from amusement park and elevator inspections to voluntary compliance programs for employers. Appendix 5C contains a flowchart of a typical inspection with the Cal/OSHA Enforcement Unit.

Safety engineers and industrial hygienists conduct Cal/OSHA's workplace inspections. The engineers handle cases that deal with safety standard violations, and the hygienists investigate cases of alleged health violations. In addition to its field inspectors, Cal/OSHA also deploys district and regional managers, as well as accounting, legal, and administrative personnel, as integral participants in the field enforcement process.

Cal/OSHA field enforcers conduct two types of inspections: programmed and unprogrammed. The agency initiates the programmed inspections though a variety of subagencies, such as Cal/OSHA's Construction Safety and Health Inspection Project (CSHIP) and Agricultural Safety and Health Inspection Project (ASHIP), along with other targeted programs that are prominent in Cal/OSHA's current Strategic Performance Goals.[6] Unprogrammed inspections are reactive, taking place in response to accidents, complaints, and referrals.[7] Cal/OSHA has established clearly defined case inspection procedures that range from the opening conference with an employer suspected of violating a standard to the closing conference held before the issuance of a citation.

## TRENDS IN DLSE ENFORCEMENT, 1970–2000

As noted above, measures of DLSE effectiveness are not currently available. In the following discussion, we therefore rely on interviews and activity data in annual and

6. For more on inspection and strategic planning procedures see Cal/OSHA's policy and procedure manual at *http://www.dir.ca.gov/samples/search/querypnp.htm.*
7. Complaints arise from current employees at workplaces, whereas referrals come from persons other than those currently employed at workplaces suspected of noncompliance.

biennial reports to sketch a more detailed picture of the agency's enforcement efforts and to identify future challenges.

### Budget

The state's budgetary allocations for DLSE have varied with the policy priorities of the gubernatorial administration in office. The overall health of the state budget, which in turn depends partly on the business cycle, has also affected DLSE's allocation, although historically it has been far less determinative. As shown in Figure 5.1, for example, the DLSE enjoyed strong budgetary growth in the mid- to late-1970s, as Governor Edmund G. Brown, Jr. was a strong supporter of wage and safety standards enforcement, even during times of recession. An excerpt from the DIR's 1974 annual report reflects this sentiment:

> The days of arbitrary budget cuts and department staff reductions are over. The volume of cases being handled by this department [DIR] in the interests of working people is too large and too important ever to tolerate returning to that era when labor law programs were suffered like second-class citizens, and often ignored by uncaring officials. (California Department of Industrial Relations 1974)

Nevertheless, between 1981 and 1997 the DLSE did in fact suffer repeated cuts. Despite additional responsibilities mandated by the legislature, and a growing workforce, total funding decreased during this 16-year period, with especially steep cuts over the years 1990–98.[8] As the figure shows, since Governor Gray Davis has been in office (January 1999), the DLSE's resource allocation has sharply increased.

Another measure of the budgetary allocation is the dollar amount spent on enforcement per worker and per business establishment in the state.[9] As shown in Figure 5.2, the amount of DLSE funds spent per worker and per establishment

8. See Appendix 5H for a list of recent legislative mandates affecting the DIR and the DLSE. Although Figure 5.1 is indexed to 2001 dollars, the actual budget refers only to the absolute value of dollars and cannot adequately reflect external and internal factors affecting the budget—such as additional funding appropriated with new mandates.
9. For its County Business Patterns series, the U.S. Census Bureau defines an establishment as ". . . a single physical location at which business is conducted or services or industrial operations are performed. It is not necessarily identical with a company or enterprise, which may consist of one or more establishments. When two or more activities are carried on at a single location under a single ownership, all activities generally are grouped together as a single establishment. . . . Establishment counts represent the number of locations with paid employees any time during the year. This series excludes governmental establishments except for wholesale liquor establishments . . . , retail liquor stores . . . , Federally-chartered savings institutions . . . , Federally-chartered credit unions . . . , and hospitals. . . ." See *http://www.census.gov/epcd/cbp/view/genexpl.html.*

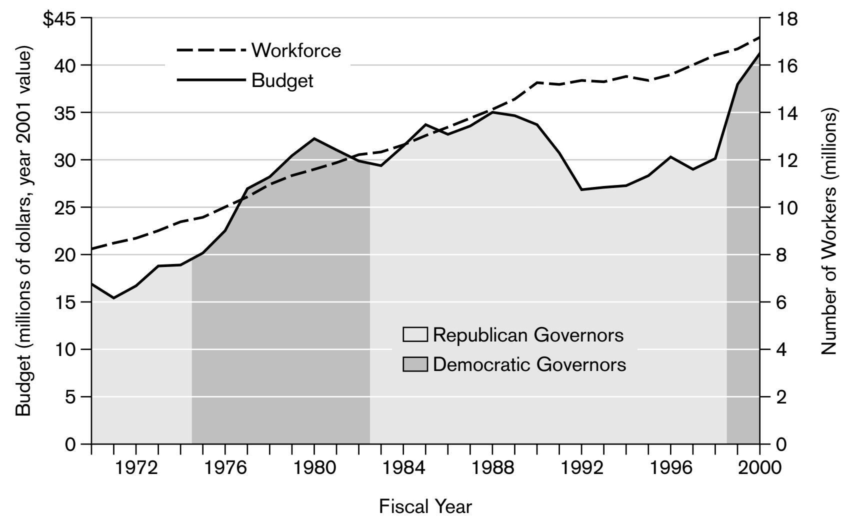


FIGURE 5.1 DLSE Budget and the Number of Workers in California, Fiscal Years 1970 -2000.
SOURCE: Computed from EDD and California State Budget data.

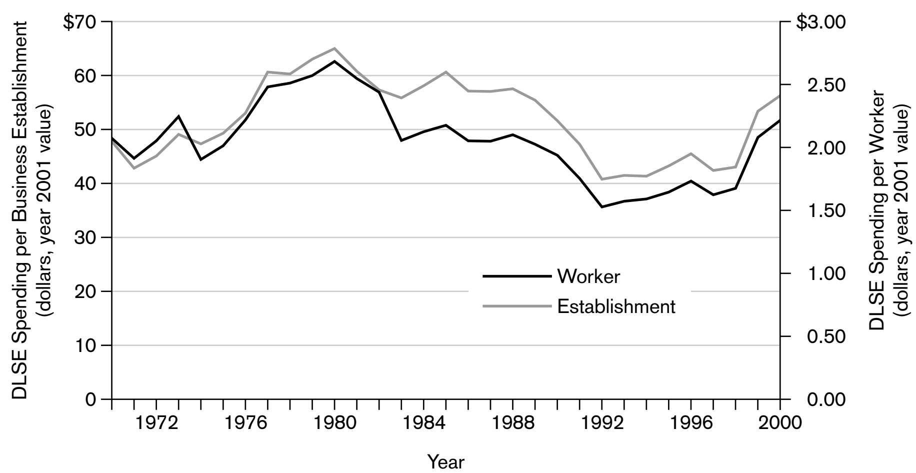


FIGURE 5.2 Ratio of Dollars Spent by DLSE to the Number of Business Establishments and Workers in California, 1970–2000.
SOURCE: Computed from DLSE and County Business Patterns data

steadily decreased starting in the mid-1980s, and although both measures have risen in the past two years, they are still below the levels of 1981. While the situation is improving, it must be noted that these measures take into account only the simple change in numbers of workers and establishments; they do not account for the increasing level of DLSE's responsibilities over the period.

### Staffing

Because of these budget cuts, DLSE staffing levels declined throughout most of the 1980s and 1990s, as shown in Figure 5.3. In 1992, amid a severe recession, then-Governor Pete Wilson cut the budgetary allocation for DLSE staffing from 411 to 348 employees—a 15 percent decrease in a single year. Lloyd Aubry, then-Director of the DIR, remarked that the "challenge for 1992 and 1993 was to ensure prompt and fair adjudication despite a major reduction in staff" (California Department of Industrial Relations 1992). Although the subsequent increases begun under the Davis administration have put DLSE's staffing level on the rise, it has yet to reach the levels of the late 1970s. According to division representatives, insufficient staffing has been a chronic problem for the DLSE. The staffing levels shown in the figure include all DLSE staff—such as investigators (deputy labor commissioners), office technicians and assistants, auditors, attorneys, and staff assigned to investigate the prevailing wage for public works projects. Thus, the number of positions allocated directly to field enforcement activities was lower. Because of mergers within the division and a lack of systematic data collection, there are no consistent records of the number of investigators over the past 30 years, beyond the overall division staffing data shown in Figure 5.3.

Figure 5.4 estimates the number of workers and the number of establishments in that state per DLSE employee (including nonenforcement staff members). These workforce numbers represent a conservative count, because the Employment Development Department (EDD), the agency that compiles these data, is unable to account for workers in the "underground economy" (those receiving cash payments and ignoring income or business taxes due)—which are precisely the establishments targeted by the DLSE, where wage and standards violations are pervasive.

Although these ratios began declining again in 1999, each DLSE staff member is still responsible for more workers now than in 1991—before the DLSE experienced the sharpest budget decrease in its history. In some instances, specifically in prevailing wage violations, the staff's inability to meet deadlines in the statute of limitations renders the cases null and void.[10] Although the DLSE does not keep data on the number of cases nullified in this way, one compliance investigator in the not-for-profit sector estimates that in 2001 the DLSE denied roughly a third of his organization's prevailing wage complaints because of time constraints.[11]

Inadequate staffing levels—and the DLSE's inability to investigate all claims—have resulted in numerous nongovernmental entities undertaking investigative work to supplement the staffing gap. In addition to compliance analysts on staff at unions and their health and welfare funds, a growing number of nonprofits have

10. California law provides a 90-day statute of limitations for prevailing wage violations and a three-year limitation for other wage and standards violations.

11. Interview with an employee of the Center for Contract Compliance, March 7, 2002.

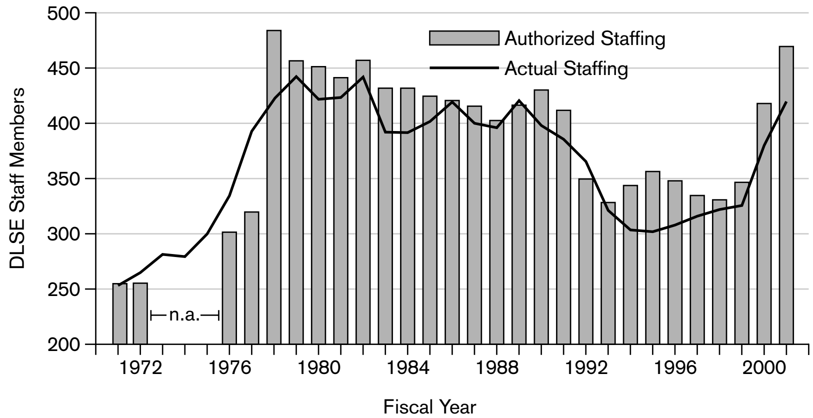


FIGURE 5.3 DLSE Staffing, at Authorized and Actual Levels, Fiscal Years 1970–2000.
SOURCES: Computed from DLSE and California State Budget data.

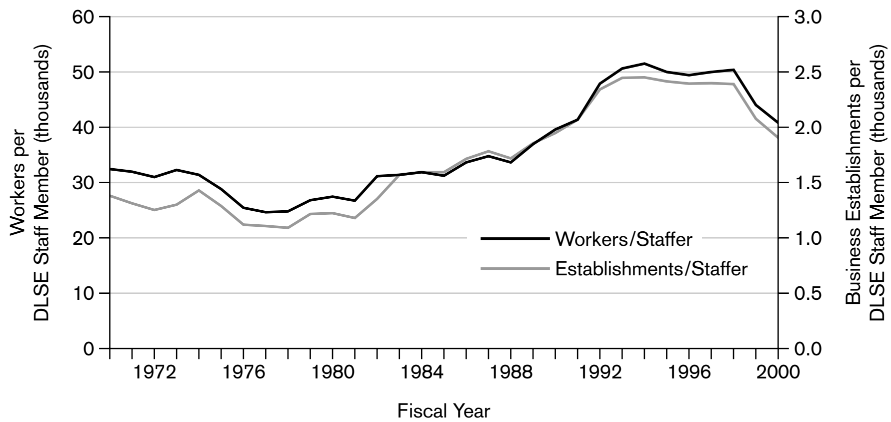


FIGURE 5.4 Actual DLSE Staffing per Business Establishment and per Worker in California, 1970–2000.
SOURCES: Computed from EDD and DLSE data.

entered this arena to address industry noncompliance.[12] Several other stakeholders and interest groups also work to identify and report noncompliance to the DLSE.[13] Yet even with these supplemental efforts, our interviews both inside and outside the agency suggest that DLSE's staffing levels are still not adequate to address the overwhelming caseload.

12. Union-contracted compliance organizations include the Center for Contract Compliance and the Federation for Fair Contracting.
13. Examples include Sweatshop Watch and the California Rural Legal Association (CRLA).

### The Impact of the Budget and Staffing Cuts: Investigations, Citations, and Penalties Assessed

The 16-year period of decline in staffing and funding levels has taken its toll on the division's enforcement activities. In this section we analyze data on DLSE investigations, citations, and penalties assessed and collected over the past decade and a half.

After 1993, the year following Governor Wilson's most far-reaching staffing freeze, the number of DLSE inspections steadily decreased; it has begun to rebound only in the past few years.[14] This recent increase in investigations may be due to the increase in funding and staff size and the subsequent ability to conduct more inspections. A serious limitation of looking at the number of inspections as a way of measuring "success," however, is that the DLSE weighs all of its inspections using the same standards. Thus, whether an inspector is investigating a severe violation where the employer has not paid his 5,000 employees in weeks, or a site where the employer has not given a few workers their breaks, the DLSE counts it as one inspection. In any case, in 1988 there was approximately one inspection for every 58 business establishments in California. In the years since then, the ratio has been steadily increasing: by 1999 DLSE was investigating about one in every 148 business establishments.[15]

An examination of the DLSE's staffing levels compared to the number of inspections, shown in Figure 5.5, illustrates that inspections are not solely dependent on budgetary and staffing allocations. The agency may suffer from inefficiencies that complicate the effective use of additional funds and staffing, several of which are described below. Inspection rates may also be the result of internal policy priorities. For example, the two periods of dramatic increase in the number of inspections, 1987–88 and 1991–1993 reflect an increased level of workers' compensation audits; during these periods the Deukmejian and Wilson administrations were targeting California's underground economy in an effort to capture some of the estimated $3 billion in lost tax revenues annually. (This increase in workers' compensation audits can be seen in Figure 5.6).

Despite the recent increase in staffing levels under the Davis administration, the number of inspections has increased more slowly. The DLSE's current management argues that the relatively small increase in investigations is due to time delays between budgetary increases and new staff being hired, trained, and deemed competent to conduct inspections. Managers in our interviews also said that the agency is targeting its resources to maximize the collection of penalties. As Appendix 5D shows, however, the results of this effort have yet to materialize. Penalty assessments actually declined in the 1997–2000 period, and collections were flat.

Wage and labor standards investigations typically result in the DLSE issuing citations to violators. Figure 5.6 illustrates the numbers and types of citations issued by

14. The earliest BOFE published data for field investigations was 1987.

15. See Appendix 5E for a table showing the numbers of investigations and establishments.

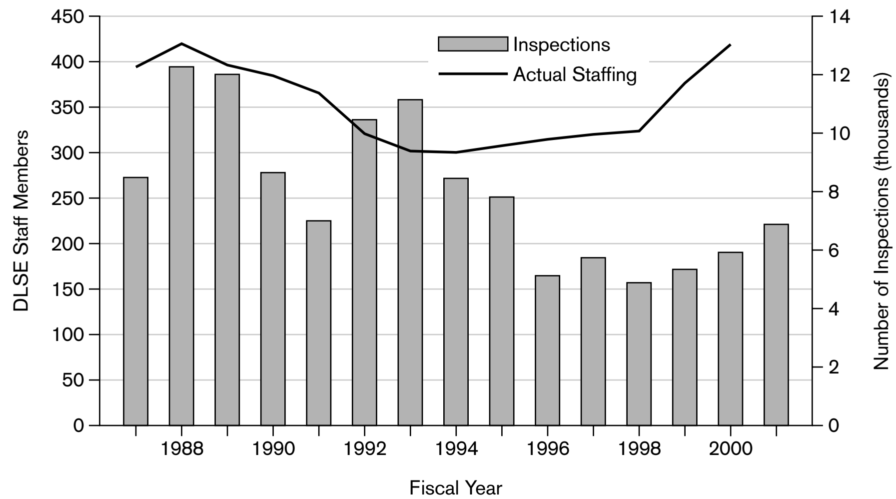


FIGURE 5.5 Actual DLSE Staffing Levels and the Number of Workplace Inspections, Fiscal Years 1974-2000.
SOURCES: Computed from California State Budget and DSLE data.

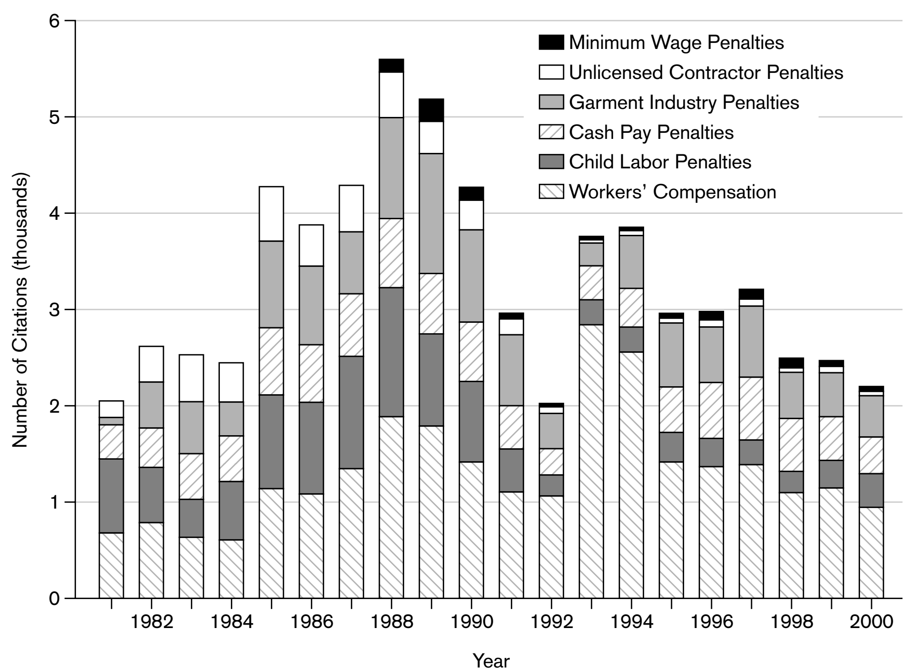


FIGURE 5.6 Number of Citations Issued by DLSE and BOFE, Stacked by Type, 1981–2000.
SOURCE: DLSE.

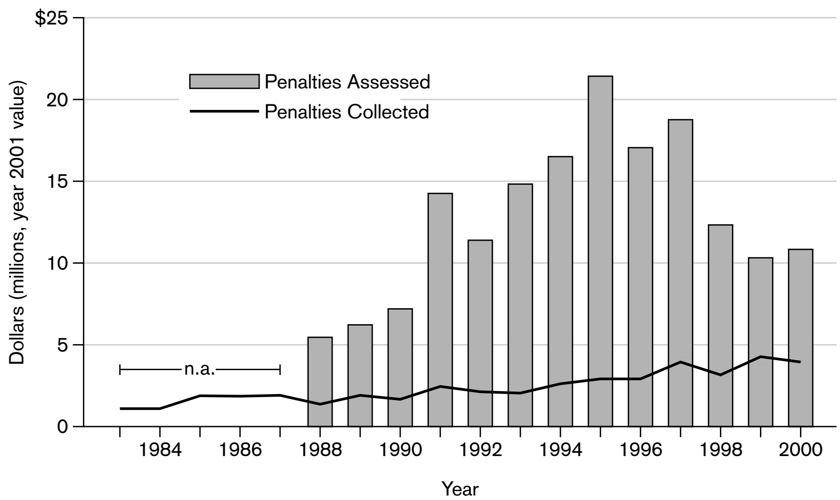


FIGURE 5.7 BOFE Penalties Assessed and Collected, by Dollar Amount, 1983–2000.
SOURCE: BOFE.

the DLSE.[16] Between 1981 and 1988 the levels of citations rose on average, but have since declined. However, the total number of citations in 2000 was 12 percent above the total in 1981—with workers' compensation citations the largest single category.

### Penalties Assessed and Collected

Figure 5.7 shows the number of BOFE penalties assessed and collected since 1983. While the dollar amount of penalties assessed has fluctuated since reaching its peak in 1995, lower levels have prevailed since then; in 2000 the BOFE assessed half of what it had in 1995. In its efforts to focus on collection, the DLSE often notes that the percentage of assessments actually collected has grown from 25 percent in 1988 to 41 percent and 37 percent in 1999 and 2000, respectively. Nevertheless, the sharp increase in the collection rate recently is primarily due to the *decrease* in the penalties assessed rather than a dramatic increase in the monetary amount collected.

The bureau's collection difficulties are due primarily to business bankruptcy, name changes, and the elusiveness of cited businesses. But it is also important to keep in mind that the penalties BOFE assesses and collects are at best rough proxies for evaluating enforcement activities. Because the DLSE does not have an accounts receivable system, we cannot make a direct link between the penalties assessed and those collected in a given year; rather, we can obtain only general bureau figures for penalties assessed and penalties paid. In addition, the BOFE did not begin publishing the actual dollar amount of penalties assessed until 1988; before then, no data are available.

16. See Appendix 5F for the data associated with this figure.


FIGURE 5.8 Prevailing Wage Cases Opened and Wages Recovered, by Dollar Amount, by DLSE and BOFE, 1980–2001.
SOURCE: DIR.

Along with the number of inspections and citations, we also examined DLSE's monitoring of public works projects—specifically, those covered by prevailing wage laws. Prevailing wage laws apply to construction contracts paid for, in part or in whole, with public funds. Figure 5.8 shows the number of cases opened and the dollar amount of penalties collected through prevailing wage enforcement. In 2001 an effort to step up investigations of these cases resulted in $8,625,208 in wages for workers on public works projects, more than double the 2000 figure and a record over the previous 20 years.

The actual extent of prevailing wage violations is much higher than Figure 5.8 would indicate, because of the statute of limitations, which expires three months from the date that a city accepts a projects and signs the necessary paperwork. Many cases are not forwarded to the DLSE; rather, workers pursue private litigation. It must be noted that although the prevailing wage is of primary importance to many labor advocates and unions, it is only a small part of the DLSE's responsibilities.

### Structure and Infrastructure

In our attempts to collect the above information, several internal weaknesses—which are a challenge for any effort to evaluate the DLSE's efforts—have surfaced.

***Lack of a Centralized Database.*** The division lacks a centralized computer database, which would be very useful for tracking labor infractions and carrying out investigative and enforcement activities. Currently, each of the 17 DLSE regional offices throughout California relies on its own individual database, but no central system links these together. In 2000 the DIR submitted a Case Management Feasibility Study Report for the Budget Act 2000, to assess the feasibility and cost of developing an automated database system.[17] The lack of a centralized database has led to several inefficiencies and challenges, such as:

- The DLSE cannot fulfill its legislative responsibilities to track offenders and assess higher penalties to repeat offenders. Thus, an employer that has multiple workplaces in different DLSE jurisdictions can be a repeat offender, but the DLSE is unable to link violations in these different jurisdictions.
- Some offices have two separate databases, and DLSE staff members must manually enter the same data into the different software programs.
- The regional offices lack the ability to merge their data or to produce statewide statistical reports. Currently, DLSE offices generate statistics from each individual database and then manually forward them to headquarters, where staff members must count and compile them by hand.
- The current computer system lacks an accounts receivable system. Thus, the DLSE cannot readily track whether a given employer has paid the assessed back wages. Obviously, this sorely limits DLSE's ability to ensure that its citations have the intended effect of penalizing noncompliance and that workers receive the wages due to them (Legislative Analyst's Office 2002).

***Lack of Adequate Planning and Evaluation Tools.*** As noted earlier, the DLSE relies on *activity* measures, such as the number of inspections conducted, but does not collect data on *outcomes,* such as noncompliance rates, or *benchmark* measures. Furthermore, unlike Cal/OSHA—which can roughly gauge its effectiveness by analyzing the rates of occupational injuries, illnesses, and fatalities in the state—the DLSE has no reliable external data source. Efforts to develop an annual assessment model for the DLSE would be invaluable.

Currently activity measures include the number of investigations, the number of citations, the monetary value of the penalties assessed, and the monetary value of the penalties collected. These measures are not especially useful or accurate indicators of the agency's effectiveness or productivity. The inadequacy of such measures, partly a result of the agency's lack of a comprehensive database system, has hindered the agency's targeting and resource allocation process. For example, although DLSE re-

17. The Case Management System Feasibility Study Report detailed the problems that follow here.

porting sometimes identifies investigations by type (such as child labor violations or workers' compensation), the division compiles no data on whether a given inspection was programmed, a "sweep," complaint driven, or a follow-up. Without adequate outcome and benchmark measures, DLSE managers simply cannot know how their programs are working, which industries need to be targeted, and what sorts of resource deployments are necessary. Moreover, they lack the wherewithal to request and receive additional resources from the state—since they cannot demonstrate that the division is accomplishing set goals. In short, effective evaluation is a sine qua non for any agency's accountability.

***Need for Better Education and Training.*** Currently, the DLSE's main staff training and education efforts involve dissemination of information about the agency's new responsibilities, by sending statewide memos to all DLSE regional offices and by contracting experts to train DLSE staff in their additional responsibilities.

Our research suggests that the DLSE needs a stronger focus on the education of its labor commissioners and the quality of their investigations—in two primary areas. First, when the state legislature adds new responsibilities to DLSE's plate, resources must be devoted to educating DLSE staff about the new responsibilities and any new procedures that result. And second, investigators need training in industry-specific problems and solutions. Investigators are not always adequately aware, for instance, of the violations prevalent at construction sites or how to identify them, or of how to successfully carry out an investigation in the garment industry. The DLSE is currently working with advocacy groups to identify "best practices," but for investigations to become more effective, these efforts should be expanded.

Finally, as noted above, several grassroots organizations have become more involved in informing the DLSE of violations, conducting word-of-mouth campaigns, and educating workers about their rights. For instance, Sweatshop Watch, a statewide coalition of garment worker unions and advocacy groups, conducts educational efforts and helps workers reclaim lost or unpaid wages— for a workforce that is largely undocumented and fearful of retaliatory firing. The organization is currently attempting to establish better communications with the DLSE and to consult with the division on how to enforce the laws more effectively.

## TRENDS IN CAL/OSHA ENFORCEMENT, 1970–2000

### Budget

Cal/OSHA's field enforcement budget, which has both federal and state components, has fluctuated in response to state and national political will. For instance, 1980 was the year of Cal/OSHA's greatest budget allocation, under Governor Jerry Brown. During that same year, however, Ronald Reagan was elected president, and

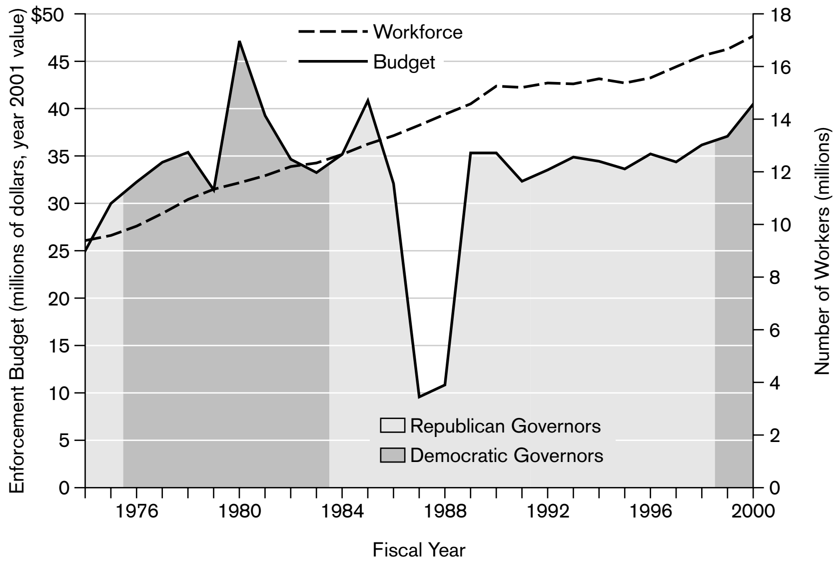


FIGURE 5.9 Cal/OSHA Field Enforcement Budget and the Number of Workers in California, Fiscal Years 1974-2000.
SOURCE: California State Budget.

the subsequent shift in national labor policy priorities affected California's internal policies. The following year the DIR director warned that:

> [. . .1981 ushered] in a new kind of reality. Massive and radical shifts in national economic policies have accompanied an assault on both the social programs and the regulatory functions of government—particularly in programs administered by DIR. Never in modern times has a state administration's commitment to the welfare of working people been so at odds with national policy. . . . The federal-state partnership that has evolved out of the nation's commitment in 1970 to the safety and health of American workers especially has come under a dark cloud of shifting federal policies. (California Department of Industrial Relations 1981)

These shifting policy priorities, however, had minimal impact on Cal/OSHA's immediate budget allocation. Cal/OSHA experienced its most drastic cut in 1987 when Governor George Deukmejian ordered the disengagement of the Cal/OSHA State Plan's provision to inspect private sector workplaces and relinquished the task to the federal Occupational Safety & Health Administration. Although federal funding for the agency's consultation activities continued in both the public and the private sector, Cal/OSHA's field enforcement budget plummeted from $32 million in FY 1986/87 to $9.6 million in 1987/88. In 1988 California voters voiced their disapproval by passing Proposition 97—an initiative that various California unions had succeeded in placing on the ballot. Proposition 97 restored the State Plan's private sector enforcement functions and boosted Cal/OSHA's field enforcement funding to $35.1


FIGURE 5.10 Ratio of Dollars Spent on Cal/OSHA Enforcement to the Number of Business Establishments and Workers in California, Fiscal Years 1974-2000.
SOURCES: Computed from DIR, EDD, and California Budget Project (CBP) data.

million in 1989–90. Since then, funding levels have remained relatively steady and increased to $40.3 million in FY 2000/01.

Figure 5.9 tracks changes in the budgetary allocation for Cal/OSHA's field enforcement, along with the growing workforce in California, over the preceding 27 years. Although Cal/OSHA's budget has slowly increased since 1998, it is still below the levels of the 1970s in terms of the numbers of workers and establishments in the state, as Figure 5.10 shows.

### Staffing

In its 2001 series on Cal/OSHA, the *Orange County Register* reported that the federal government estimated—in 1980—that Cal/OSHA needed 805 inspectors to monitor health and safety violations and investigate serious injuries and deaths (Shulyakovskaya 2001). But staffing levels for inspectors have never come close to that level. In 2000, for instance, Cal/OSHA had 250 inspectors.

Staffing levels typically reflect the budgetary allocation; and indeed, there was a drastic decline in Cal/OSHA staffing in 1987 and 1988. Figure 5.11 tracks Cal/OSHA's overall enforcement staffing (including managers and support staff as well as inspectors) since 1974. During the past 20 years, there has actually been a decrease in staffing: from an authorized 410.8 positions in FY 1980–81 to 398 authorized positions in 2000–01—again, despite the agency's growing responsibilities and California's much larger workforce today.

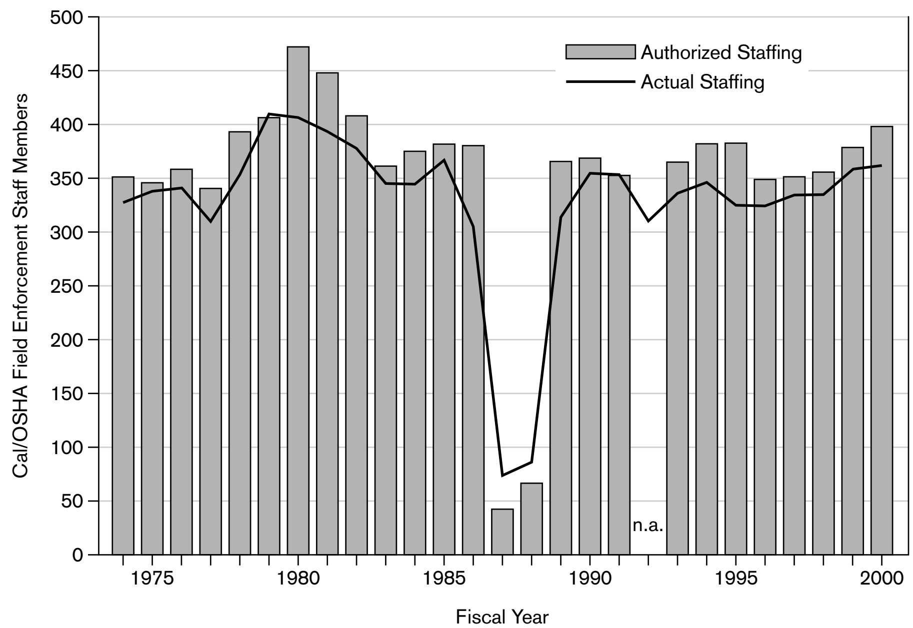


FIGURE 5.11 Cal/OSHA Enforcement Staffing, at Authorized and Actual Levels, Fiscal Years 1974-2000.
SOURCE: California State Budget.

It is not surprising, then, that Cal/OSHA staff members frequently complain of overwhelming caseloads. In November 2001 the California Senate Labor and Industrial Relations Committee held a hearing on Cal/OSHA's response to workplace fatalities. In that hearing, Cal/OSHA was presented with a list of problems, ranging from a lack of bilingual staffing to delayed response times after worker injuries and deaths.[18] Cal/OSHA representatives attributed many of the problems to staffing shortages; and they also cited noncompetitive salaries for state-employed engineers, namely, 20 percent lower than the salaries of state-contracted engineers from private consulting firms (Professional Engineers in California Government 2001).

Although Cal/OSHA's staffing levels, like the DLSE's, have not kept pace with the growing number of workers and workplaces in California, the agency's staffing levels have proven far less volatile than those of the DLSE (except during the period of Cal/OSHA's disengagement in the late 1980s). Figure 5.12 estimates the number of

18. The committee had scheduled the hearing in response to the *Orange County Register* article mentioned above, which reported that in 29 percent of Cal/OSHA's death investigations in that county, inspectors arrived anytime from 4 to 82 days after the agency learned about a fatal accident (Shulyakovskaya 2001).


FIGURE 5.12 Actual Cal/OSHA Enforcement Staffing per Business Establishment and per Worker in California, Fiscal Years 1974–2000.
SOURCE: Computed from DIR, EDD, and California Budget Project (CBP) data.

California workers and establishments per Cal/OSHA enforcement staff member since 1974.

### Inspections and Citations

Despite its relatively steady levels of budget and staffing, Cal/OSHA citations and investigations have significantly decreased since the 1970s. Figure 5.13 shows the numbers of workplace inspections and citations over time. By 2000 the number of inspections had decreased by 41 percent, and the number of citations, by 65 percent, since 1974.

The numbers of inspections and citations alone are measures of activity, not of effectiveness. Nevertheless, if employers perceive that there is a reasonable probability that they may be faced with an inspection, they may be more observant of the law. Art Carter, then Chief of Cal/OSHA under Governor Jerry Brown, emphasized this point in 1978, stating, "With only about 200 compliance personnel to cover the entire state, it is clearly impossible for Cal/OSHA to rely on enforcement alone to improve conditions in the workplace. Nor would this be desirable, for when employers take the initiative to provide safe and healthful workplaces, without the need for enforcement, everybody benefits" (*Cal/OSHA News* 1978).

The decreasing rates of inspections cast doubt on their usefulness as a deterrent, however. Further insight into the decline and its likely consequences lies in an analysis of the *types* of inspections Cal/OSHA has conducted. The agency conducts both

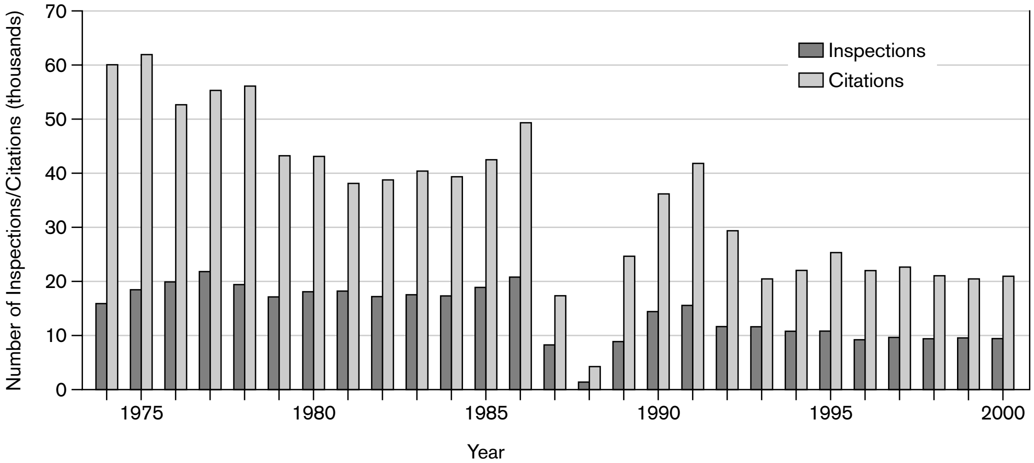


FIGURE 5.13 Cal/OSHA Inspections and Citations, 1974–2000.
SOURCE: California Division of Labor Statistics and Research.

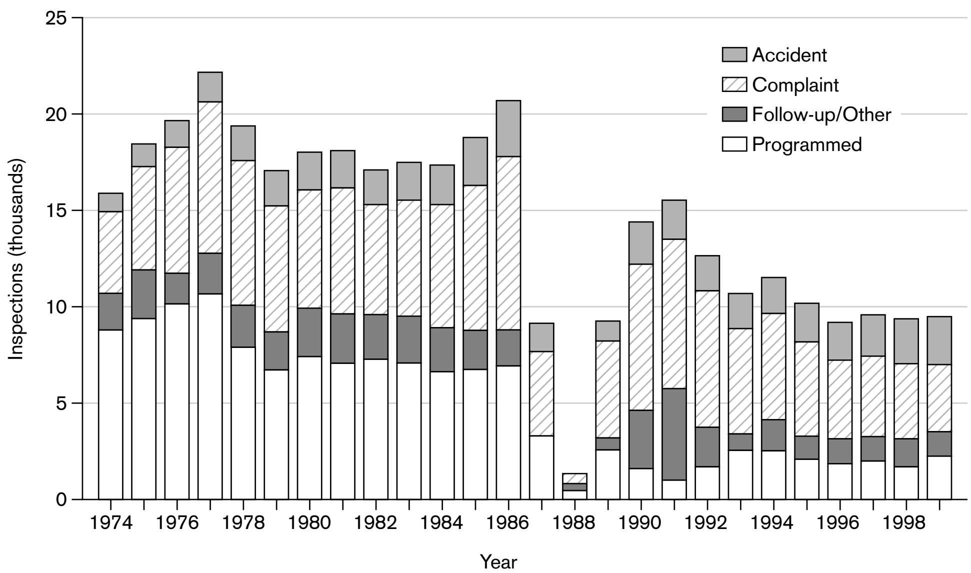


FIGURE 5.14 Cal/OSHA Inspections, Stacked by Reason for the Inspection, 1974–1999.
SOURCE: Cal/OSHA.

reactive inspections—in response to a report of a serious work-related illness or injury or a death—and programmed inspections—preventive efforts that target industries known to be "high hazard." An increase or decrease in reactive inspections could indicate that, in California overall, greater or fewer incidents of occupational safety and health violations are taking place.

Figure 5.14 suggests that, instead, a sharp decline in programmed inspections since

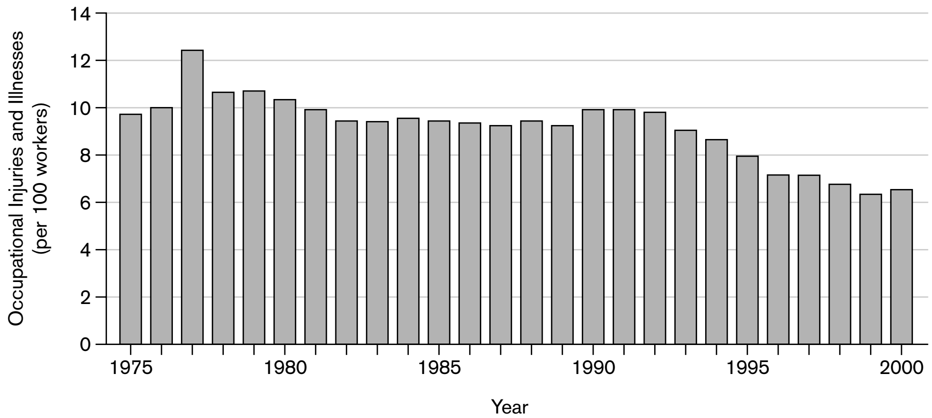


FIGURE 5.15 Occupational Illness and Injury Rates in California, 1975–2000.
SOURCES: Computed from DIR data and California Statistical Abstract.

1987 accounts for the bulk of the drop in Cal/OSHA inspections overall. The number of investigations conducted in response to complaints or accidents, or for follow-up or other reasons, has remained relatively stable over time. To the extent that employers in hazardous industries are aware of the decline, the drop in programmed inspections suggests that they may be having a smaller deterrent effect.

### External Data for Cal/OSHA

Is Cal/OSHA effective in protecting California's workers? Unlike the DLSE, Cal/OSHA is able to gauge its effectiveness to some degree by using data that reflect the state of workers' health and safety. Both the U.S. Bureau of Labor Statistics and the California Employment Development Department maintain databases on two such measures: the rate of occupational illnesses and injuries, and rate of occupational fatalities. The data on illnesses and injuries should be considered critically, however, because both databases rely on information in employer logs; and there are many reasons to suspect that the logs under-report the actual rates of illnesses and injuries (Brown 2001). The fatality data are more comprehensive; they are based on the *Census of Fatal Occupational Injuries,* a cooperative effort between the DIR, the U.S. Department of Labor, and the U.S. Bureau of Labor Statistics that compiles fatality data from various sources (including death certificates, workers' compensation claims and reports, and reports by regulatory agencies, medical examiners, police, news agencies, and other nongovernmental organizations).

The available data suggest that both illness and injury rates and fatality rates have fallen since Cal/OSHA's inception, as shown in Figures 5.15 and 5.16 and in the supporting data in Appendix 5G. Cal/OSHA may thus have had some effectiveness in regulating and protecting workers. California's injuries and illnesses rate in 2000

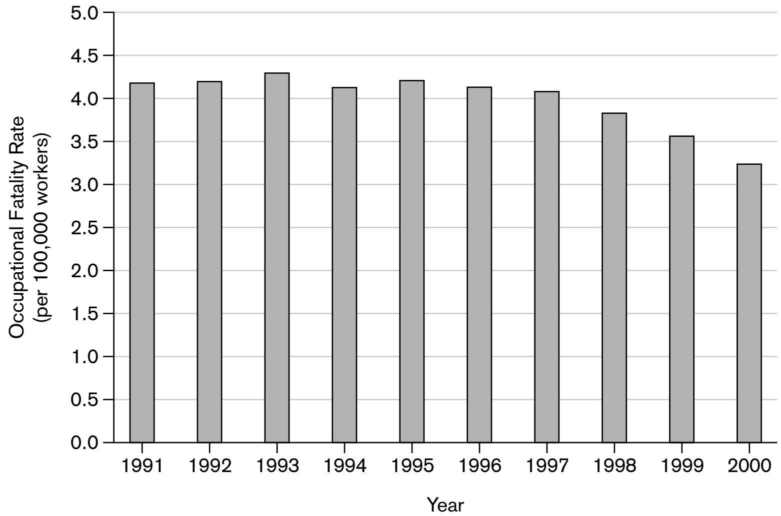


FIGURE 5.16 Occupational Fatality Rates in California, 1991–2000.
SOURCES: Computed from EDD and U.S. Bureau of Labor Statistics data.

was 37 percent lower than in 1980. Similarly, in 1974 there were 727 occupational fatalities in California, but by 2000 that number had declined to 553, or a 24 percent decrease.[19]

Thus, despite the relative reduction in Cal/OSHA enforcement staff, the agency may nonetheless have been effective to some degree in regulating the workplace and protecting workers. Cal/OSHA attributes the declines in occupational health and safety problems to its enforcement work and to its having shifted "some of its resources from investigating accidents and fatalities after they happen, to preventing them" (California State Legislature 2001). The latter effort, however, is not evident from the long-term decline in programmed inspections. Although the decreases in illnesses or injuries and fatalities in the state may be indicative of Cal/OSHA's overall effectiveness in enforcing labor laws and protecting workers, there are other possible explanations as well. One such alternative involves the changing composition of the California labor market. Since 1992, while employment in manufacturing has remained stable in absolute terms, the generally less hazardous service sector gained almost 2.5 million jobs, and the retail trade sector grew by nearly 500,000 jobs (see California State Legislature 2001). More research is needed on the degree to which this compositional change can account for the declining number of illnesses, injuries, and fatalities in the state.

19. Data on California's occupational fatalities are unavailable for the years 1986–90; data from 1974 to 1985 are based a different methodology and are thus not included in Figure 5.16. We calculated fatality rates by dividing the number of fatal accidents by the size of California's workforce in each year.

## CONCLUSION

The Davis administration has sought to strengthen the DIR and to improve labor law enforcement in California. Funding and staffing have indeed grown. The new Labor and Workforce Development Agency, which is bringing the state's various employment-related agencies together under one organizational roof, is also a promising development, at least for the long term. The consolidation, under a single Labor Secretary, may help streamline labor law enforcement and facilitate the sharing of resources and data among agencies.

Nevertheless, as we have seen, neither the Division of Labor Standards Enforcement nor Cal/OSHA has yet returned to its previous staffing levels on a number of measures, especially in relation to the state's growing workforce and number of business establishments. The recent increase in investigations within the DLSE and the continually decreasing injury and fatality rates give one hope that the agencies are turning around, but there is still a long way to go. Certainly restoring funding to more adequate levels would be an important first step, along with the centralization of resources under the new labor agency. A further critical step would be to institute and institutionalize a systematic process for gathering and analyzing data on meaningful measures of agency effectiveness, as opposed to measures of mere activity. Proper assessments of effectiveness will be essential to improvements in California's labor law enforcement in the years to come.

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## APPENDIX 5A. Scope, Methodology, and Limitations of the Research

We began our work by reviewing the annual and biennial reports of the Department of Industrial Relations (DIR) over the past thirty years. We also reviewed California budget allocations for the DIR from 1970 to 2002.

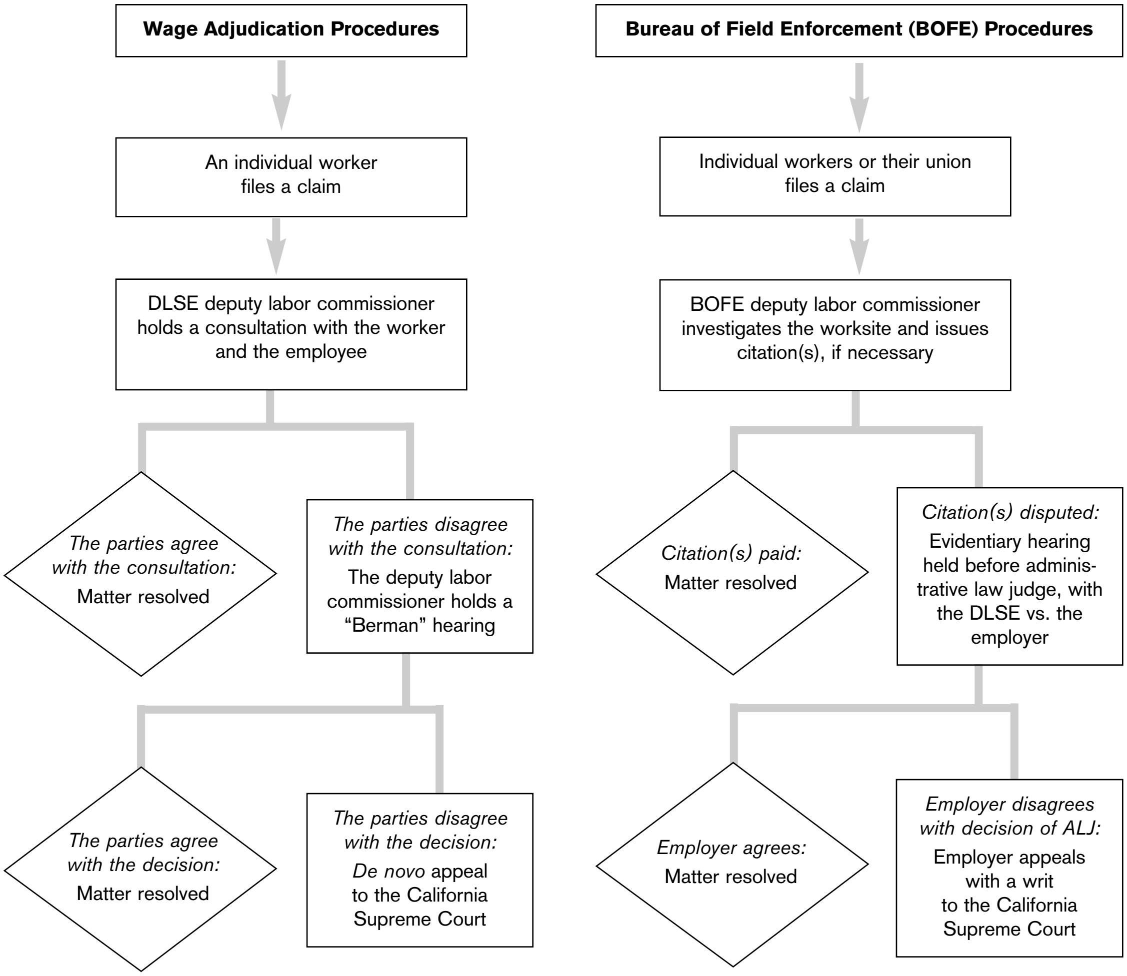
The DLSE provided us with outcome measures from their enforcement activities. These included BOFE Statistical Reports (1987-2000), Summary of Labor Standard Enforcement Statistics for Hearings, Targeted Industries Reports, and DLSE staffing levels. With these data we analyzed the composition of the enforcement staff, such as the number of employees, the ratio of DLSE employees to the numbers of establishments and workers in California, and the number of bilingual staff members. We also looked at the possible causes of variations in labor law enforcement from year to year, such as staffing and budgetary inputs, enforcement outputs (such as inspections and citations), administrative criteria for investigations, and the agency's external relationships.

We identified and interviewed more than 30 key administrators at the DIR the DLSE, as well as enforcement staff members, active stakeholder groups, and scholars, to lend perspective and institutional memory to our efforts. We strategically chose respondents, depending on their position within a given organization, to represent multiple perspectives. Our interviews with DIR and DLSE employees and management focused on their activities related to labor law enforcement, including the division's performance, strengths, challenges, and legislative mandates. We also asked about DLSE's vision and how the interviewees thought the agency could be more effective—in terms of maximizing both labor law enforcement and the efficiency with which the agency spends taxpayer dollars.

While conducting our research, we encountered several hurdles to a comprehensive analysis. Barriers to data collection included:

- *Changes in Methodology.* Longitudinal data was often difficult to collect or analyze because over the years DLSE changed the kinds of data collected or the methodology used to collect or quantify the data.
- *Changes in Organizational Structure.* As the enforcement bodies changed and evolved, policies and procedures for data collection also changed. This was a specific issue for the DLSE when the Bureau of Field Enforcement (BOFE) was established in 1983 as a new branch within the DLSE, which subsequently hindered longitudinal analysis.
- *Time Lags.* The specific effects of policies, budgetary changes, and legislation are confounded by the time lag it takes the agencies to implement and become effective at a policy. Therefore, the data might not reflect these changes accurately within a given year.
- *Interview Sampling.* We identified many of our interview subjects outside the DLSE and DIR through newspaper articles, publications, hearing agendas, and word of mouth. We strategically chose respondents, depending on their position within their organization, to represent multiple perspectives. This sampling method is often referred to as snowball sampling, and some statisticians considered it an inaccurate or biased reflection of the population.

## APPENDIX 5B. DLSE Enforcement Procedures



## APPENDIX 5C. CAL/OSHA ENFORCEMENT PROCEDURES

**Cal/OSHA initiates an inspection because of:**

- a worker complaint to Cal/OSHA,
- a workplace-related accident, injury, or death reported to Cal/OSHA
- a scheduled follow-up of an earlier inspections, OR
- Cal/OSHA's selection of an employer from an OSHA list of employers in high-hazard industries

A Cal/OSHA inspector contacts the employer or its representative and explains the purpose of the intended visit and the three phases of inspection

**Phase 1: The Opening Conference**

Management and the worker(s) involved:

- must be present

*The Cal/OSHA inspector:*

- discusses the Cal/OSHA procedures,
- examines pertinent records and obtains an overview of the business, and
- reviews the employer's safety and health program, *if* available

**Phase 2: The Walkaround**

*The Cal/OSHA inspector:*

- tours the worksite,
- determines if the worksite is in compliance with Cal/OSHA standards,
- gives the employer notes on necessary items to control, and
- interviews the worker(s) involved in private

**Phase 3: The Closing Conference**

*The Cal/OSHA inspector:*

- formally reports findings to the employer and worker(s) involved, and
- if issuing a citation, gives the employer a description of the violation(s), suggestions for eliminating any hazards found, notice of any penalties, and the deadlines for the employer to correct the violation(s) and pay any penalties.

**Employer Appeals**

If cited, the employer may appeal the citation itself, the penalty(ies) assessed, and/or the deadline for elimination/abatement of the hazard.

Appeals are heard and the burden of proof is on OSHA.

**APPENDIX 5D. DLSE Data on Budgets, Staffing, Enforcement Actions, and Numbers of Establishments and Workers, 1970–2000**

| *Year* | *Budget (in 000s)* | *DLSE Staffing Authorized* | *DLSE Actual Staffing* | *BOFE No. of inspections* | *BOFE Citations Issued* | *BOFE Penalties Assessed* | *BOFE Penalties Collected* | *Number of Establishments in California* | *Workforce in California* |
|---|---|---|---|---|---|---|---|---|---|
| 1970 | $16,756 | 254.1 | 252.4 | | | | | 345,263 | 8,167,000 |
| 1971 | $15,342 | 254.4 | 262.8 | | | | | 344,206 | 8,407,000 |
| 1972 | $16,618 | n.a.[d] | 279.7 | | | | | 349,096 | 8,653,000 |
| 1973 | $18,720 | [d] | 277.9 | | | | | 358,313 | 8,910,000 |
| 1974 | $18,758 | [d] | 297.3 | | | | | 421,068 | 9,317,000 |
| 1975 | $19,990 | 300.0 | 332.4 | | | | | 426,537 | 9,539,000 |
| 1976 | $22,416 | 318.5 | 389.9 | | | | | 433,806 | 9,896,000 |
| 1977 | $26,880 | 483.5 | 421.8 | | | | | 465,944 | 10,367,000 |
| 1978 | $28,080 | 455.8 | 440.7 | | | | | 480,846 | 10,911,000 |
| 1979 | $30,379 | 450.8 | 420.4 | | | | | 507,350 | 11,268,000 |
| 1980 | $32,150 | 440.7 | 422.2 | | | | | 512,902 | 11,536,000 |
| 1981 | $30,997 | 456.5 | 440.8 | | 2,043[c] | | $952,374[c] | 519,413 | 11,811,000 |
| 1982 | $29,888 | 431.0 | 390.5 | | 2,613 | | $1,133,173 | 526,168 | 12,177,000 |
| 1983 | $29,329 | 431.0 | 390.5 | | 2,520 | | $1,065,397 | 610,121 | 12,281,000 |
| 1984 | $31,384 | 423.5 | 399.4 | | 2,448 | | $991,385 | 632,841 | 12,611,000 |
| 1985 | $33,698 | 419.2 | 417.4 | | 4,254 | | $1,876,461 | 662,744 | 12,981,000 |
| 1986 | $32,699 | 414.3 | 399.1 | | 3,856 | | $1,796,352 | 683,221 | 13,332,000 |
| 1987 | $33,555 | 401.4 | 395.5 | 8,448[b] | 4,273 | | $1,874,898 | 703,258 | 13,738,000 |
| 1988 | $34,985 | 415.2 | 419.4 | 12,282 | 5,463 | $5,423,146[a] | $1,379,474 | 716,949 | 14,132,000 |
| 1989 | $34,594 | 429.1 | 396.6 | 12,008 | 4,935 | $6,159,757 | $1,882,207 | 733,755 | 14,517,000 |

APPENDIX 5D *(continued)*

| *Year* | *Budget (in 000s)* | *DLSE Staffing Authorized* | *DLSE Actual Staffing* | *BOFE No. of in-spections* | *BOFE Citations Issued* | *BOFE Penalties Assessed* | *BOFE Penalties Collected* | *Number of Establishments in California* | *Workforce in California* |
|---|---|---|---|---|---|---|---|---|---|
| 1990 | $33,693 | 411.2 | 385.4 | 8,652 | 4,122 | $7,137,629 | $1,665,686 | 745,686 | 15,193,000 |
| 1991 | $30,698 | 347.9 | 365.3 | 6,967 | 2,900 | $14,203,167 | $2,450,149 | 747,688 | 15,131,000 |
| 1992 | $26,721 | 327.0 | 320.6 | 10,417 | 2,003 | $11,316,060 | $2,055,102 | 746,789 | 15,307,000 |
| 1993 | $27,088 | 343.0 | 301.5 | 11,138 | 3,746 | $14,760,554 | $1,999,869 | 736,691 | 15,259,000 |
| 1994 | $27,266 | 355.3 | 300.2 | 8,426 | 3,834 | $16,457,921 | $2,524,387 | 735,570 | 15,462,000 |
| 1995 | $28,286 | 346.8 | 306.7 | 7,784 | 2,949 | $21,404,381 | $2,873,163 | 740,583 | 15,312,000 |
| 1996 | $30,183 | 333.5 | 314.0 | 5,098 | 2,966 | $17,014,236 | $2,861,599 | 750,478 | 15,512,000 |
| 1997 | $28,945 | 329.7 | 320.2 | 5,689 | 3,207 | $18,710,519 | $3,875,338 | 766,009 | 15,947,000 |
| 1998 | $30,080 | 345.5 | 324.1 | 4,876 | 2,494 | $12,247,843 | $3,160,707 | 773,925 | 16,337,000 |
| 1999 | $37,850 | 417.1 | 377.4 | 5,299 | 2,461 | $10,278,237 | $4,245,512 | 784,935 | 16,597,000 |
| 2000 | $41,088 | 469.1 | 419.0 | 5,892 | 2,279 | $10,748,593 | $3,946,677 | n.a.a | 17,091,000 |

SOURCES: DLSE, California Budget, and *County Business Patterns.*

[a] Reporting category began in 1988.

[b] Reporting category began in 1987.

[c] Reporting category began in 1980.

## APPENDIX 5E. Citations issued by DLSE-BOFE, 1981–2000

| Year | Workers' Compensation | Child Labor Penalties | Cash Pay Penalties | Garment Industry Penalties | Unlicensed Contractor Penalties | Minimum Wage Penalties | Overtime Citations | Total Citations |
|---|---|---|---|---|---|---|---|---|
| 1981 | 681 | 760 | 356 | 69[a] | 177 | | | 2,043 |
| 1982 | 775 | 578 | 411 | 480 | 369 | | | 2,613 |
| 1983 | 625 | 394 | 482 | 532 | 487 | | | 2,520 |
| 1984 | 599 | 609 | 463 | 353 | 424 | | | 2,448 |
| 1985 | 1,124 | 989 | 691 | 893 | 557 | | | 4,254 |
| 1986 | 1,063 | 965 | 592 | 817 | 419 | | | 3,856 |
| 1987 | 1,330 | 1,178 | 642 | 645 | 478 | | | 4,273 |
| 1988 | 1,873 | 1,340 | 722 | 1,040 | 488 | 134[b] | | 5,463 |
| 1989 | 1,776 | 963 | 629 | 1,234 | 333 | 237 | | 4,935 |
| 1990 | 1,415 | 833 | 623 | 954 | 297 | 132 | | 4,122 |
| 1991 | 1,096 | 440 | 456 | 748 | 160 | 54 | | 2,900 |
| 1992 | 1,054 | 220 | 281 | 361 | 56 | 31 | | 2,003 |
| 1993 | 2,844 | 251 | 355 | 247 | 16 | 33 | | 3,746 |
| 1994 | 2,550 | 256 | 410 | 553 | 29 | 36 | | 3,834 |
| 1995 | 1,406 | 310 | 478 | 676[c] | 38 | 41 | | 2,949 |
| 1996 | 1,357 | 293 | 595 | 580[c] | 64 | 77 | | 2,966 |
| 1997 | 1,381 | 256 | 661 | 740[c] | 73 | 96 | | 3,207 |
| 1998 | 1,099 | 213 | 553 | 493[c] | 34 | 102 | | 2,494 |
| 1999 | 1,136 | 299 | 453 | 449[c] | 72 | 52 | | 2,461 |
| 2000 | 937 | 355 | 384 | 432[c] | 38 | 55 | 78[d] | 2,279 |

SOURCE: California Department of Labor Standards Enforcement.
[a] These data are for six months; the law went into effect on July 1, 1981.
[b] The reporting category began in 1988.
[c] The DLSE terms the garment industry penalties "garment registration and record keeping."
[d] The reporting category began in 2000.

**APPENDIX 5F. CAL/OSHA Data on Budgets, Staffing, and Enforcement Actions, 1974–2000**

| *Year* | *Cal/OSHA Budget (in 000s)* | *Staff Authorized* | *Staff Filled* | *Inspections* | *Violations/ Citations issued* | *Penalties Collected* | *Penalties Assessed* |
|---|---|---|---|---|---|---|---|
| 1974 | $ 24,778 | 349.6 | 326.8 | 15,789 | 60,051 | | $4,319,743 |
| 1975 | $ 29,992 | 345.3 | 336.4 | 18,321 | 62,000 | | $3,886,039 |
| 1976 | $ 32,184 | 357.0 | 339.2 | 19,598 | 52,572 | | $4,095,000 |
| 1977 | $ 34,214 | 339.2 | 309.3 | 21,760 | 55,234 | $2,185,906 | $5,224,268 |
| 1978 | $ 35,263 | 392.7 | 352.4 | 19,306 | 55,961 | $2,378,748 | $5,297,882 |
| 1979 | $ 31,276 | 405.3 | 410.8 | 16,938 | 43,017 | $2,020,088 | $4,141,818 |
| 1980 | $ 47,064 | 410.8 | 405.3 | 17,938 | 42,907 | $1,960,335 | $3,682,624 |
| 1981 | $ 39,148 | 447.1 | 392.5 | 17,995 | 37,979 | $1,781,470 | $3,059,373 |
| 1982 | $ 34,525 | 407.3 | 376.5 | 17,024 | 38,600 | $1,616,347 | $2,619,996 |
| 1983 | $ 33,156 | 360.0 | 344.3 | 17,348 | 40,242 | $1,622,880 | $2,466,373 |
| 1984 | $ 35,013 | 374.3 | 343.1 | 17,226 | 39,253 | $1,563,848 | $2,291,147 |
| 1985 | $ 40,776 | 380.6 | 366.2 | 18,694 | 42,337 | $2,348,120 | $3,334,656 |
| 1986 | $ 32,038 | 379.3 | 304.5 | 20,691 | 49,229 | $2,781,687 | $3,940,723 |
| 1987 | $ 9,558 | 42.1 | 73.7 | 8,194 | 17,231 | $9,15,870[b] | $1,261,279[b] |
| 1988 | $ 10,842 | 66.3 | 85.3 | 1,339 | 4,099 | [a] | [a] |
| 1989 | $ 35,100 | 364.6 | 312.8 | 8,766 | 24,520 | [c] | [c] |
| 1990 | $ 35,073 | 367.6 | 352.4 | 14,287 | 36,109 | | $48,386 |
| 1991 | $ 32,205 | 351.5 | [a] | 15,433 | 41,596 | | $53,659 |
| 1992 | $ 33,374 | | 310.4 | 11,566[d] | 29,259 | | $12,222,000 |
| 1993 | $ 34,730 | 364.4 | 335 | 11,566[d] | 20,328 | | $11,931,000 |

| | | | | | | |
|---|---|---|---|---|---|---|
| 1994 | $ 34,214 | 381.0 | 346.1 | 10,708[d] | 21,803 | $16,680,000 |
| 1995 | $ 33,511 | 382.9 | 323.8 | 10,708[d] | 25,236 | $16,402,000 |
| 1996 | $ 35,005 | 348.7 | 323.8 | 9,103 | 21,821 | $12,760,000 |
| 1997 | $ 34,207 | 350.5 | 333.5 | 9,531 | 22,505 | $12,430,000 |
| 1998 | $ 35,961 | 355.2 | 333.6 | 9,322 | 20,889 | $10,586,541 |
| 1999 | $ 36,969 | 377.3 | 358.5 | 9,437 | 20,280 | $10,397,495 |
| 2000 | $ 40,295 | 398.0 | 361.5 | 9,298 | 20,878 | |

SOURCE: California Department of Industrial Relations, Division of Labor Statistics and Research.
[a] Data are unavailable.
[b] Data are for the first six months of 1987.
[c] Data are unavailable because of loss of computer.
[d] Estimated based on DIR biennial reports.

**APPENDIX 5G. CAL/OSHA External Data on Occupational Fatalities, Injuries, and Illnesses, 1974–2000**

| *Year* | *Occupational Fatalities* | *Fatality Rate* | *Injuries & Illnesses (per 100 workers)* |
|---|---|---|---|
| 1974 | | | 10.9 |
| 1975 | | | 9.7 |
| 1976 | | | 10.0 |
| 1977 | | | 12.4 |
| 1978 | | | 10.6 |
| 1979 | | | 10.7 |
| 1980 | | | 10.3 |
| 1981 | | | 9.9 |
| 1982 | | | 9.4 |
| 1983 | | | 9.4 |
| 1984 | | | 9.5 |
| 1985 | | | 9.4 |
| 1986 | | | 9.3 |
| 1987 | | | 9.2 |
| 1988 | | | 9.4 |
| 1989 | | | 9.2 |
| 1990 | | | 9.9 |
| 1991 | 634 | 4.19 | 9.9 |
| 1992 | 644 | 4.21 | 9.8 |
| 1993 | 657 | 4.31 | 9.0 |
| 1994 | 639 | 4.13 | 8.6 |
| 1995 | 646 | 4.22 | 7.9 |
| 1996 | 641 | 4.13 | 7.1 |
| 1997 | 651 | 4.08 | 7.1 |
| 1998 | 626 | 3.83 | 6.7 |
| 1999 | 591 | 3.56 | 6.3 |
| 2000 | 553 | 3.24 | 6.5 |

SOURCE: California Department of Industrial Relations, Division of Labor Statistics and Research.

## APPENDIX 5H. Labor Law Enforcement Mandates in Recently Enacted California Legislation, 1997–2001

The following summaries of California legislation are based on listings in California State Legislature (2001). The names in parentheses below are the Senate or Assembly sponsors of the bills.

### 2001

SB 1125 (BURTON), CHAPTER 147, STATUTES OF 2001, SIGNED. Makes farm labor contractor's wage surety bonds and a portion of their license fees payable for damages arising from labor law violations. AB 423 (Hertzberg), Chapter 157, Statutes of 2001, created specialized farm labor enforcement units, called for additional verification of farm labor contractor licenses, and enhanced criminal penalties for failure to pay wages.

SB 588 (BURTON), CHAPTER 804, STATUTES OF 2001, SIGNED. Permits federally recognized joint labor-management committees' access to certified payrolls on public works projects, and permits such committees to seek civil court action to remedy prevailing-wage violations.

AB 1025 (FROMMER), CHAPTER 821, STATUTES OF 2001, SIGNED. Requires employers to provide reasonable unpaid break time and to make reasonable efforts to provide the use of an appropriate room for an employee to express breast milk for an infant.

AB 1675 (KORETZ), CHAPTER 948, STATUTES OF 2001, SIGNED. Establishes requirements related to wages, hours, and working conditions for sheepherders.

AB 1069 (KORETZ), CHAPTER 134, STATUTES OF 2001, SIGNED. Permits the state labor commissioner to reconsider a formerly dismissed discrimination complaint if the U.S. Department of Labor determines the complaint had merit.

### 2000

AB 1646 (STEINBERG), CHAPTER 954, STATUTES OF 2000, SIGNED. Streamlines the procedures for reviewing a decision to withhold funds from a contractor because of the contractor's failure to pay a prevailing wage on a public works project; revises the procedures for challenging a decision to withhold funds from a contractor because of the contractor's failure to pay a prevailing wage on a public works contract; and makes a contractor and subcontractor expressly jointly and severally liable for all amounts due (including underpaid wages and penalties), pursuant to a final order of the state labor commissioner for a violation of the prevailing-wage law.

AB 2509 (STEINBERG), CHAPTER 876, STATUTES OF 2000, SIGNED. Makes various changes to the Labor Code relative to rights, remedies, and procedures; streamlines and alters many enforcement and administrative procedures of wage-and-hour laws before the state labor commissioner and the courts; and increases civil penalties and damages for violations.

SB 1785 (FIGUEROA), CHAPTER 318, STATUTES OF 2000, SIGNED. Allows the administrative director of the Division of Workers' Compensation to use nationally recognized standards in the development the workers' compensation information systems.

### 1999

SB 26 (ESCUTIA), CHAPTER 222 / STATUTES OF 1999, SIGNED. Declares that a finding of age discrimination may be made when salary differences are used to differentiate among employees to determine who will be terminated, if using salary differences adversely affects older workers as a group.[1]

AB 1395 (CORREA), CHAPTER 302, STATUTES OF 1999, SIGNED. Requires the Division of Labor Standards Enforcement to protect the confidentiality of any employee who reports a violation regarding a public works project.

AB 555 (REYES), CHAPTER 556, STATUTES OF 1999, SIGNED. Requires the state labor commissioner to provide the California Highway Patrol with a list of all registered farm labor vehicles on a quarterly basis; extends the inspection liability for farm labor vehicles to vehicle owners and farm labor contractors; and increases fines for violations of inspection requirements.

SB 951 (HAYDEN AND JOHNSTON), CHAPTER 673, STATUTES OF 1999, SIGNED. Expands the protections provided to employees who disclose improper governmental activities to the state auditor to apply to state employees who disclose improper governmental activities to anyone or who refuse to obey an illegal order.

AB 613 (WILDMAN), CHAPTER 299 / STATUTES OF 1999, SIGNED. Requires the inclusion of the janitorial and building maintenance industry in state efforts to enforce tax and labor laws.

### 1998

SB 1514 (SOLIS), CHAPTER 276, STATUTES OF 1998, SIGNED. Imposes civil penalties on garment manufacturers for specific violations relating to workers, registration, and records.

### 1997

SB 1071 (POLANCO AND LOCKYER), CHAPTER 92, STATUTES OF 1997, SIGNED. Clarifies that agricultural workers who voluntarily quit and are not paid on time are entitled to be receive penalty payments from their employers. Wages owed agricultural employees are due and payable twice monthly at designated times. When an employee voluntarily quits, he or she must be paid within 72 hours.

AB 1448 (ASSEMBLY COMMITTEE ON LABOR AND EMPLOYMENT), CHAPTER 35, STATUTES OF 1997, SIGNED. Increases from $100 to $250 the civil penalty imposed on an employer for violation of the minimum wage requirement.

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1. Older workers, defined by federal law as those over the age of 40, are increasing as a percentage of the workforce. As baby boomers age, they are healthier and are working longer. The U.S. Department of Labor predicts that by the year 2005, over half of all workers will be over the age of 40.

# California Labor Relations

## BACKGROUND AND DEVELOPMENTS THROUGH MID-2002

DANIEL J.B. MITCHELL

LABOR RELATIONS—IN THE TRADITIONAL SENSE OF UNION-MANAGEMENT relations—has become a neglected topic nationally. To the extent that employment issues are covered at all in academic settings, the focus is on (predominantly nonunion) human resource management. And even in that context, the topic is more likely to be managers dealing with other managers and related issues of "leadership," rather than with the employment concerns of ordinary nonsupervisory workers.[1]

Statistical agencies of the federal government, such as the U.S. Bureau of Labor Statistics (BLS), have also curtailed their coverage of labor relations. In the mid-1990s, for example, BLS dropped its longstanding series on major union pay settlements. And since the early 1980s, work stoppage data from BLS refer only to situations involving 1,000 or more workers, omitting many smaller events.

Until recently, California state agencies exhibited a similar tendency. California was one of the early states to establish a labor statistics program, beginning with a state Bureau of Labor Statistics in 1883. But the state's data collection on union contract settlements and similar information stopped in the late 1980s, a little over a century after California's initial pioneering efforts in the field of labor statistics.

This chapter reviews significant developments involving California workers, their employers, and relations between the two in recent years, drawing on available data from various state and federal sources, such as the Public Employee Relations Board (PERB) and the National Labor Relations Board (NLRB). Among the key findings are the following:

- As in the United States as a whole, because of the erosion of private sector unionism, the public sector in California has increasingly become the center of collective bargaining activity. Roughly half of all California workers covered by collective bargaining are government employees. Thus, state policy with regard to labor relations is increasingly independent of federal policy (which tends to preempt state action in the private sector).

1. The author thanks Dionne Jimenez for research assistance on this chapter. Information reported in this chapter is as of early August 2002.

- Contracts involving 1,000 or more workers cover a little over half of all unionized workers in California, in both public and private employment.
- Two-thirds of all unionized workers in California are in the Los Angeles and San Francisco consolidated metropolitan statistical areas. But the highest rate of unionization is in the Sacramento-Yolo CMSA.
- Unions represent workers in a wide variety of private industries in California. The image of union workers as mainly manufacturing employees is not correct. Large concentrations of unionized workers are in the construction industry, grocery stores and warehouses, and health care.
- Some of the most dramatic union-organizing successes in California in recent years have involved low-wage immigrant workers. Janitors and homecare aides are examples. Campaigns at the San Francisco and Los Angeles airports have also been noteworthy. In addition, public sympathy for low-wage workers has shown itself in such recently enacted public policies as “living wage” ordinances. Unionization in agriculture has also shown signs of revival.
- Despite its successes at the low end of the wage spectrum, organized labor recently suffered a serious defeat in a decertification involving over 4,000 relatively highly paid Boeing engineers in Southern California and elsewhere. That episode—which stemmed from the absorption by Boeing of McDonnell-Douglas—was several years in the making; and turmoil within the local union was a significant factor in the loss. The Boeing episode suggests a need for the California labor movement to have an “early warning system” in place.
- The dot.com bust, stock market decline, recession, and terrorist attacks of 2001 have had an important adverse effect on California state and local government revenue. This development has put stress on collective negotiations in the public sector. Economic distress in the private sector has also complicated negotiations. Rising health care costs pose yet further challenges. Workers in the tourism sector were particularly hard hit in the aftermath of the 9/11 terrorist attacks. (see Pastor and Zabin, this volume)
- Many of California’s unionized workers are covered by contracts or bargaining patterns that are national in scope. Examples include workers employed by the major airlines and firms such as United Parcel Service. Even in the public sector many federal workers located in California are covered by national contracts.

The remainder of this chapter examines these developments in further detail.

## BACKGROUND ON UNION REPRESENTATION IN CALIFORNIA

As in the rest of the nation, union representation rates in California have fallen significantly in recent decades, especially during the 1980s. Consistent Current

Population Survey (CPS) data on union representation became available at the state level beginning in 1983, following a period of widespread deunionization.[2]

### Representation Rates

Figure 6.1 compares union representation in California and the United States as a whole between 1983 and 2001. As shown there, California consistently exhibits above-average unionization levels. As further detailed in Figure 6.2, the drop in unionization in California (as in the rest of the nation) is concentrated in the private sector. Private manufacturing and private nonmanufacturing both experienced sharply declining union membership rates between 1983 and 2002, whereas unionization in government showed little change.

The private sector decline has triggered renewed organizing by local unions, as well as pressure from the AFL-CIO on its affiliates to put more resources into such campaigns. At the same time, however, the labor movement has been particularly focused on the political arena. In May 2002 the AFL-CIO Executive Board approved a per capita tax increase expected to generate $7 million a year for political campaigning. Some unions—notably the Teamsters and the Machinists—opposed the move, however, calling for a more targeted use of political funds.

Further shifts in union representation strategies may be in the offing if an approach being pursued by the International Union of Electronic, Electrical, Salaried, Machine and Furniture Workers–Communications Workers of America at General Electric becomes more widespread. The basic IUE-CWA agreement with the company, which expires in June 2003, covers only a few service workers at GE's San Diego facility. However, under its "Working at GE" (WAGE) campaign, the union hopes to gain members where it does not have a unit majority. Such individuals would become associate members and receive various benefits.

Traditionally in the United States, unions represent workers only if they have majority support. But nothing in U.S. labor law precludes minority representation, and in fact, the law includes protections for "concerted activity" and union membership even in nonunion settings. Unions might seek to represent or advise workers by, for example, using nonunion grievance procedures, offering legal advice on employment issues, or assisting in dealing with the employer's health insurance provider. Although GE does not have a big presence in California, a success in the WAGE campaign might lead other unions in the state to emulate the program.[3]

The public-private divergence in unionization rates has changed the composition

2. Data for this section are from Hirsch and Macpherson (various editions).

3. A related development is unions' providing their members services that are not related to collective bargaining. For example, in July 2002 the AFL-CIO announced a program of mortgage financing for union members in Los Angeles. The program includes reduced transactions fees and other advantages over commercially available mortgages.

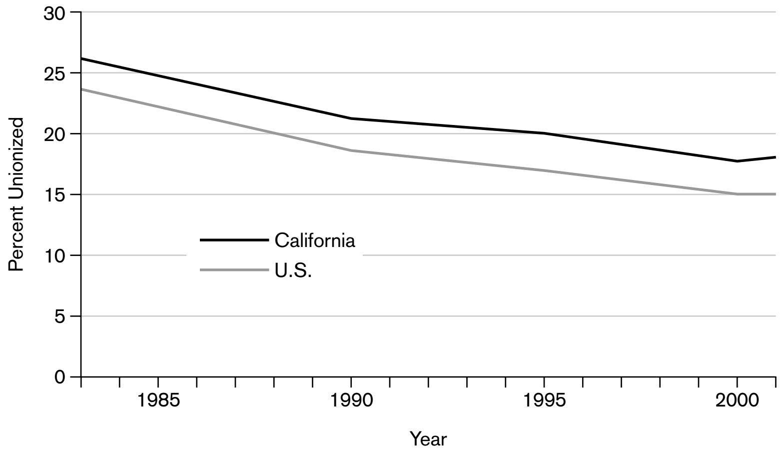


FIGURE 6.1 Union Representation Rates in California and the United States, 1983–2001

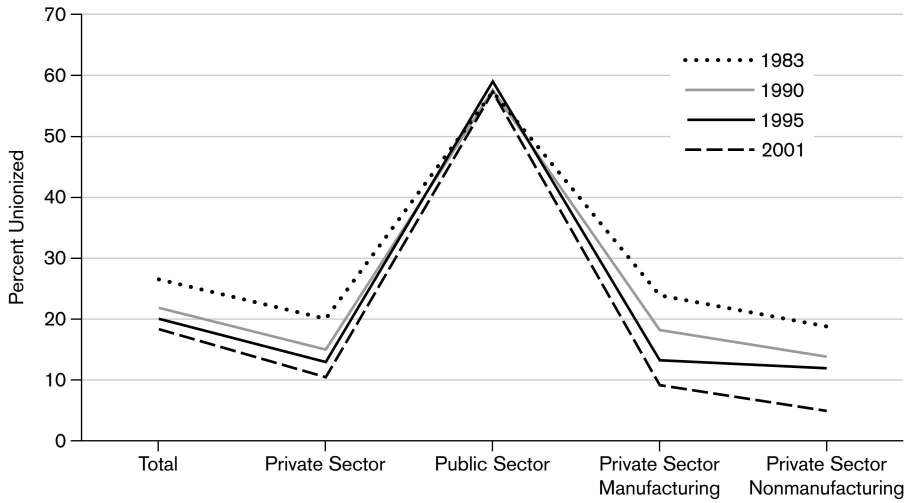


FIGURE 6.2 Union Representation Rates in California, by Major Sector, Selected Years, 1983– 2001

of California's union-represented workforce over time. As Figure 6.3 shows, by 2001 fully half of the state's unionized workers were in the public sector, compared to only 37 percent in 1983. Most of the private sector decline was in manufacturing employment, while in private nonmanufacturing unionization was fairly stable.

California's overall employment level grew disproportionately during the 1980s relative to employment in the U.S. as a whole, but it slowed during the recession in the early 1990s. Not surprisingly, then, as Figure 6.4 shows, union representation in California rose as a share of all union-represented workers in the United States dur-

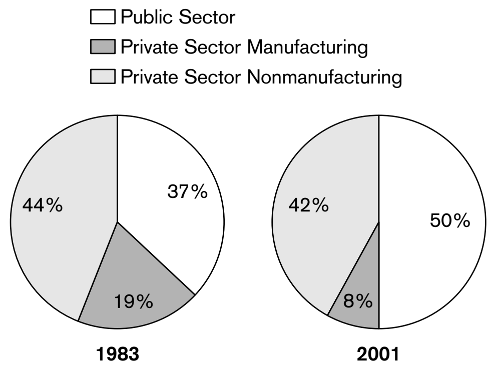


FIGURE 6.3 Union-Represented Workers in California, by Major Sector, 1983 and 2001

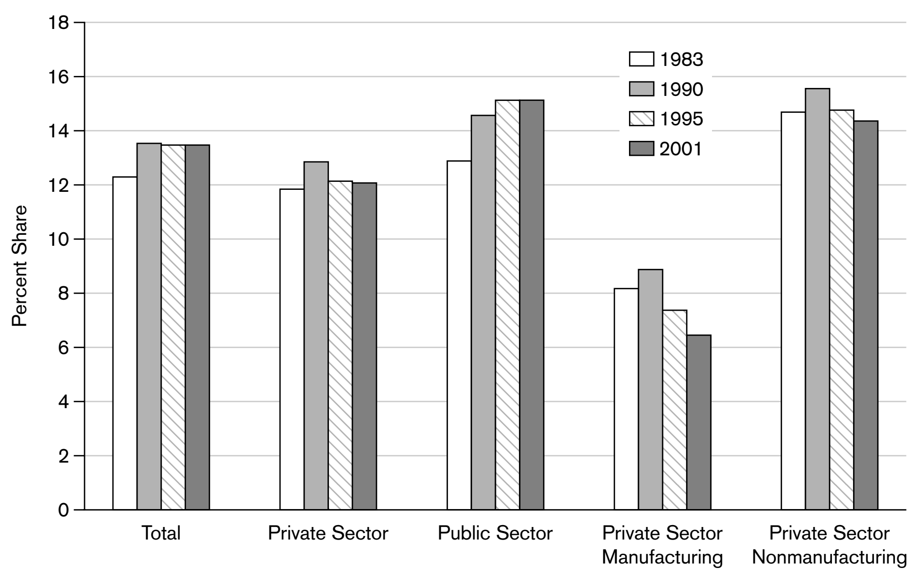


FIGURE 6.4 California's Share of All Union-Represented Workers in the United States, by Major Sector, Selected Years, 1983–2001

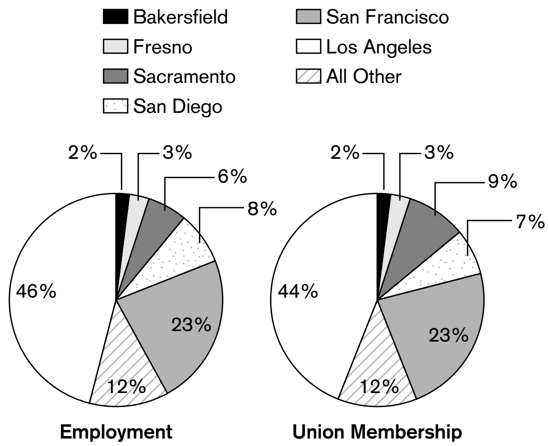


FIGURE 6.5 Employment and Union Representation Rates in California, by Region, All Sectors, 2001

ing the 1980s but was largely unchanged in the 1990s. Again, this relative growth in the 1980s was a product of public sector—rather than private sector—trends.

Figure 6.5 compares the distribution of employment with the distribution of union-represented workers in six metropolitan areas.[4] About two-thirds of union-represented workers in California can be found in the San Francisco Bay and Los Angeles areas. Not surprisingly, as the second largest metropolis in the nation, the Los Angeles area dominates. Nevertheless, the Sacramento area has a disproportionate share of union representation, because of its high level of public sector employment.

### Major Union Contracts

As noted earlier, the BLS no longer publishes data on—or analysis of—major union settlements (agreements covering 1,000 or more workers). The agency has also discontinued publishing "wage calendars," lists of upcoming contract expirations. Nevertheless, BLS does continue under a legal mandate to maintain a file of such contracts in its Washington, D.C. offices, and it provides a database of those agreements on its Web site (www.bls.gov). From that source it is possible to extract information on California contracts.

Appendix 6A provides a listing of such contracts in the private sector known to the

4. The areas shown are metropolitan statistical areas (MSAs) or consolidated metropolitan statistical areas (CMSAs) for Bakersfield, Fresno, Los Angeles–Riverside–Orange County, Sacramento-Yolo, San Diego, San Francisco–Oakland–San Jose, and residual areas. Because of small sample sizes, we present the data in percentage share form. However, even for the smallest area (Bakersfield), the pie charts are accurate enough to give a reasonable picture of the distribution of unionization.

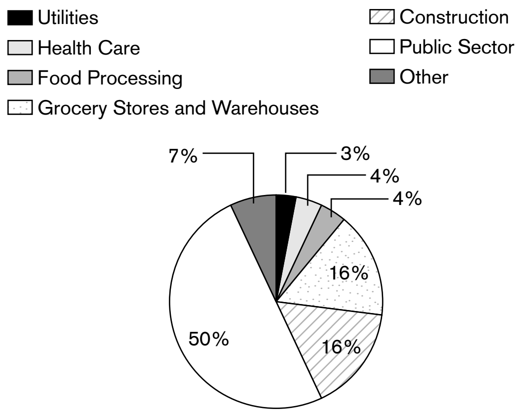


FIGURE 6.6. California Workers Under Major Contracts, by Industry, 2001

BLS as of the end of 2001. BLS major agreements wholly within California covered 610,817 workers in the private sector. CPS data suggest that 1,185,100 private sector employees in California were represented by a union in 2001. Thus, just over half of union workers were covered by major agreements. However, some additional unionized workers in California are covered by multistate contracts; a partial listing of which is included at the end of Appendix 6A. Unfortunately, BLS data do not provide a state-by-state breakdown of the number of workers in California under those or other multistate agreements.

A similar picture emerges from Appendix 6B, which lists public sector contracts in the state covering 628,379 workers. CPS data indicate that there were 1,206,600 union-represented workers in California's public sector. Thus, the proportion of union-represented workers under major contracts in this sector was also a little over half. Very few union-represented workers from other states or localities outside California work within California. (Some unionized federal workers do work within California's borders, but they are not included in the totals.)

BLS reports expiration dates of 2002 or later for 405,815 of the 610,817 workers under major private sector contracts, or about two-thirds, as shown in Appendix 6A.[5] Contract negotiations for the other third may not have ended by the close of 2001, or may have ended but were not known to the BLS. Alternatively, some bargaining units with contracts expiring before the end of 2001 may not have continued to exist

5. The private Bureau of National Affairs, Inc. (BNA) also provides information on contract expirations (Bureau of National Affairs 2002). Appendices 6A and 6B include the BNA's listing of expirations in 2002 in California and month of expiration where such contracts were not also included in the BLS database. BNA does not provide a detailed industry code for the contract listing it publishes. Thus, where BNA contracts are shown in the Appendices, only the less detailed industry description used by BNA is shown.

after the expiration. Appendix 6A, therefore, provides only a partial wage calendar for known major contracts in California in 2002 and beyond. Some of these contracts will have been renegotiated by the time this volume goes to press. Negotiations to renew contracts typically take longer in the public than in the private sector. Thus only 229,617 of the 628,379 public sector workers shown in Appendix 6B had contract expiration dates of 2002 or later in the BLS listing, a little over a third.

Figure 6.6 provides a sectoral breakdown of union-represented workers under major contracts. About half are in the public sector, a result consistent with the CPS data presented earlier. Within the private sector the largest concentrations are in construction, grocery stores and warehouses, health care, food processing, and utilities.

## ECONOMIC BACKGROUND

California experienced a more severe recession in the early 1990s than the rest of the nation, in part reflecting the decline of the aerospace sector in the southern part of the state. But by the late 1990s the dot.com boom centered in the San Francisco Bay Area had powered a recovery and produced substantial gains in employment, income, and tax revenue for the state. The later dot.com bust played a significant role in California's experience of the national recession of 2001-02. (see Pastor and Zabin, this volume) However, unlike the experience of the early 1990s, projections for California (such as those of the *UCLA Anderson Forecast)* suggest a resumption of employment growth of about 2 percent annually by 2003. Such growth will gradually bring down the state's unemployment rate.

There is always an unknown element in economic forecasting. Some analysts have expressed concern, for example, about a California housing price bubble that could burst, depressing consumer spending. Nevertheless, at this writing employers' hiring intentions—as surveyed by Manpower, Inc.—suggest that early 2002 saw the recession's trough.

Figure 6.7 shows results of the Manpower survey for the state as a whole, and for Northern and Southern California separately, between the first quarter of 1999 and the third quarter of 2002.[6] The survey asks employers whether they intend to hire workers, lay off workers, or maintain their current staffing levels, in the quarter following the survey date. The difference between the percentage of employers planning hiring and the percentage planning layoffs has proved to be a reasonably accurate short-term indicator. It does not necessarily predict the actual subsequent change in employment, but it is correlated with that change. If the gap between projected hiring and projected layoffs widens, economic conditions tend to improve,

6. Because of substantial seasonality in employers' projections, the Figures depict employer forecasts separately by the quarter *predicted*. Note that the employers made their predictions in the *preceding* quarter. Thus, for example, predictions for the third quarter of 2002 are based on employer predictions made in the second quarter of 2002.

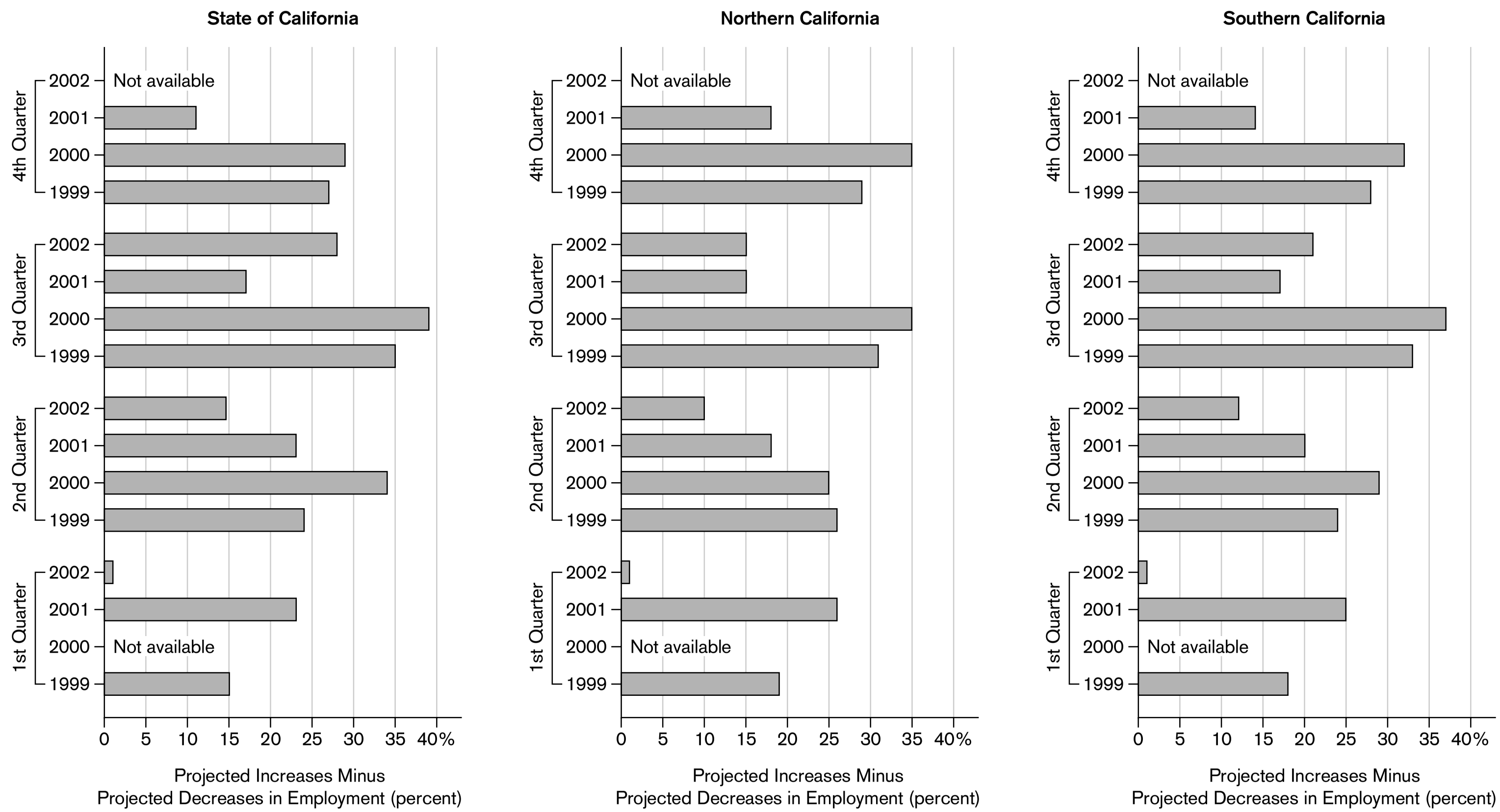


FIGURE 6.7 Manpower, Inc., Employer Intention Survey: Projected Increases in New Jobs Minus Projected Number of Layoffs (in percentage points), 1999–2002

TABLE 6.1 First-Year Median Union Wage Settlements in California and the U.S.: 1999–2001

| | BUSINESS SECTOR | | STATE AND LOCAL GOVT. | |
|---|---|---|---|---|
| | *Calif.* | *U.S.* | *Calif.* | *U.S.* |
| 1999 | 3.6% | 3.0% | 4.0% | 3.0% |
| 2000 | 4.0 | 3.4 | 3.0 | 3.5 |
| 2001 | 4.1 | 3.5 | 5.0 | 3.5 |

NOTE: Settlement data do not include escalator adjustments or lump-sum bonuses.
SOURCE: Settlements reported in Daily Labor Report.

and vice versa. Estimates for the third quarter of 2002 suggest a sense among California employers overall that the recession was bottoming out. That sentiment seems concentrated in Northern California, where the dot.com bust was especially disruptive. Employers in Southern California seem less sanguine, perhaps because the recession was slower to come to the south.

Generally, a soft economy—other things equal—tends to make bargaining more difficult for unions because the economic "pie" is smaller. The focus may shift from pay and benefits to job security. In California the problems of the private sector have been magnified in the public arena by the loss of state tax revenue caused by the recession and the dramatic reduction of taxable capital gains from stocks and stock options. Because of revenue-sharing arrangements, state-level budgetary problems have also affected local entities such as counties and school districts.

Despite these constraints, first-year negotiated wage increases in California have generally been above the national average, as shown in Table 6.1. No deceleration occurred in 2001, despite the recession that began in that year. It may be that there will be some wage deceleration in 2002, especially in the public sector. But since most public sector bargaining occurs in the context of the state budget cycle, and since the budget was delayed in enactment, data on settlements in government for 2002 are not available at this writing.

## GENERAL DEVELOPMENTS IN CALIFORNIA LABOR RELATIONS

Since organized labor's 1998 success in defeating a "paycheck protection" initiative that would have made union funding of political campaigns more difficult, unions in California have increasingly emphasized the political channel. Labor's endorsement of Gray Davis for governor in 1998 and Davis' subsequent victory were important signs of labor's political clout within the state. The California Labor Federation formally endorsed Davis for reelection almost a year before the November 2002 vote. Of course, the support of organized labor has not always meant that union-friendly bills will pass the legislature or be signed by the governor. But Davis did sign a bill toughening the state's "Little Norris-LaGuardia Act," which limits the ability of state courts to issue labor injunctions. In 2000 he signed AB 1889, which prohibits state contractors from using public funds to discourage union organizing efforts. Davis approved legislation widening the use of the "agency shop" in the public sector. [7] He also extended federal discretionary funding to the research arm of the Los Angeles County Federation of Labor in April 2002 for a study of the county's economic and training needs.

In the area of more general legislation, Davis vetoed a bill requiring e-mail privacy at the workplace. But he signed into law a major hike in the state's level of Workers' Compensation benefits—the first increase since 1996. With a phase-in to begin in January 2003, increases in workers' compensation benefits will follow an automatic escalation tied to California wage rates. Benefits will rise from $490 a week to $840 a week by 2006. Davis also signed legislation increasing unemployment benefits, initially to be effective in January 2002 but then retroactively moved to September 11, 2001.

In 2001 California adopted an amendment to its Fair Employment and Housing Act prohibiting workplace rules that restrict the use of a foreign language, except in cases of business necessity. The change reflects the growing workforce diversity and presence of immigrant workers in the state. Despite the state's budgetary problems, Davis signed a bill to conform California tax law to federal policy, benefiting workers with 401(k) retirement plans or IRAs. And in March 2002 the governor proposed a reorganization plan for the state's labor agencies. The plan creates a new Labor and Workforce Development Agency containing various existing entities, including the Agricultural Labor Relations Board, the Employment Development Department, the Department of Industrial Relations, and the Workforce Investment Boards.

Although organized labor's endorsement of a candidate has not always meant a sure win on Election Day, in some parts of the state, most notably Los Angeles, union-backed candidates have a high success rate. A major recent exception was the defeat of Antonio Villaraigosa for mayor in 2001, despite endorsement by the L.A. County Federation of Labor. Nevertheless, many California candidates do seek the endorsement and electoral support of individual unions and central labor councils. And unions can influence major referenda and other policy initiatives. For example, municipal unions in Los Angeles are likely to play an active role in the November 2002 vote concerning the possible secession of the San Fernando Valley and Hollywood from the larger city.

National developments, such as court decisions and legislation, inevitably affect labor relations in California as well. The state is a major player in international trade, because of its ports and airports, and its low-wage manufacturing is especially vul-

7. Under agency shop provisions, nonmembers in bargaining units represented by unions pay a fee to the union for representation services.

nerable to foreign competition. Although the state is not a major steel producer, the Bush administration's decision to reinstate tariffs on steel could indirectly affect the California economy. In particular, retaliation by the European Union or other countries for the steel decision could affect California exports. In addition, there have been moves in Congress to widen the Trade Adjustment Assistance (TAA) program for workers displaced by international commerce, particularly the North American Free Trade Agreement (NAFTA). The form of such payments could change; the Bush administration is promoting "wage insurance"—enhanced unemployment benefits—rather than retraining and similar programs. Congress rejected "legacy payments" aimed at retaining retiree health insurance for workers retired from now-bankrupt steel firms. But the issue of benefits for displaced workers—as opposed to just adjustment and cash payments—may yet arise again.

Federal court decisions have had important reverberations in California recently. In March 2002, in an 11–0 decision, the 9th Circuit of the U.S. Court of Appeals (which covers California and some other western states) ruled that nonmembers in a unionized shop can be charged fees that include organizing expenses. The court ruled that unions could include organizing expenses in the fees because, in organizing competing nonunion employers, unions helped protect the wages and benefits of their existing members. And earlier in the year a federal district court struck down a presidential executive order requiring "Beck" notices from federal contractors to their employees. Such notices would inform nonmembers of their right not to pay full dues in union shops, but only representation expenses.

While those decisions could be seen as benefiting unions, in March 2002 the U.S. Supreme Court ruled in a 5–4 decision that employers of undocumented immigrants could not be ordered to reinstate them or to pay them back wages if they were fired for union activity, as federal law would otherwise require (*Hoffman Plastic Compounds, Inc. v. NLRB).* The decision effectively eliminated the penalty for unfair labor practices for undocumented workers. Earlier, in November 2001, the Supreme Court let stand a lower court's dismissal of a Steelworkers union challenge to NAFTA. The union argued that the "fast track" procedure used to adopt NAFTA was unconstitutional. And in June 2002 the Supreme Court in *BE&K Construction Co. v. NLRB et al.* made it more difficult for the NLRB to enjoin retaliatory lawsuits by employers against unions.

In 2002 public concerns about corporate accounting fraud, excessive executive compensation, lost pension investments, and other matters related to corporate finance and governance surfaced. Absent federal responses to these concerns, the financial and accounting scandals of 2002 could well lead to political responses and legislative repercussions at the state level. Public perceptions of these scandals may in turn influence unions' bargaining and organizing strategies. Organized labor has taken a strong stand defending workers who have suffered from layoffs or lost value in their 401(k) retirement plans—although many of these workers are not union members.

Finally, although it is easier to assess the past than forecast the future, skyrocketing health insurance premiums will undoubtedly be a prominent issue in union-management bargaining over the next few years. When such costs rise, employers have fewer resources available for cash wages or other benefits. A survey conducted by the *UCLA Anderson Forecast* found that employers are expecting large increases in health costs (Basqua et al. 2002). Many of them will seek to transfer those costs to their employees through co-payments or deductibles or to cut back on the health programs they offer. Again, we can expect a strong union response in the bargaining and organizing arenas should that occur.

## PRIVATE SECTOR DEVELOPMENTS

A variety of recent developments have reshaped California's labor relations scene in particular industries.[8] During 2001 only three "major" work stoppages (involving 1,000 or more workers) occurred in California, as Table 6.2 shows. All were in the private sector.

NLRB data offer one measure of the labor relations climate in the state.[9] As Table 6.3 shows, over the past five years large numbers of unfair labor practice charges (ULPs) have been filed with the NLRB in California. Many of these are ultimately dismissed or withdrawn, but they often reflect disputes in the context of organizing campaigns or contract negotiations.[10]

During 2001 health care employers, the Postal Service, and "special trade" construction firms led the list of employers against whom charges were filed under Section 8(a) (Table 6.4a). Individual workers filed about a fifth of those charges, in many cases claiming they were fired or disciplined for union activities. The top unions filing charges were the Teamsters and the Service Employees (Table 6.4b). Since ULP charges and countercharges often arise from the same disputes, it is not surprising that the Postal Service, hospitals, and special trade construction firms topped the list of employers filing 8(b) charges against unions. Similarly, the Service Employees and the Teamsters were the unions most often charged with ULPs in 2001 (Tables 6.5a and 6.5b).

Union contracts often contain provisions for binding arbitration for unresolved grievances. One source of arbitrators is a database maintained by the Federal Mediation and Conciliation Service (FMCS). When the parties request assistance from FMCS in finding an arbitrator, the agency sends them a short list of names

8. Information for this section is based on public media reporting.

9. The NLRB has jurisdiction in the private sector, except for railroads, airlines, agriculture, and very small employers. It also covers the Postal Service, a federally owned enterprise.

10. Individual workers and unions file Section 8(a) charges against employers; employers file Section 8(b) charges against unions. The text of these sections of the law can be found at *http://www.nlrb.gov/publications/nlrb4.pdf.*

TABLE 6.2 Work Stoppages Involving 1,000 or More Workers, Selected Data for California and the United States, 2001

| *Organizations involved and location* | *Beginning date* | *Ending date* | *Number of workers* | *Days idle* |
|---|---|---|---|---|
| Hospitals<br>Service Employees<br>Northern California | 4/16/01 | 4/19/01 | 3,500 | 10,500 |
| Painters and Finishing<br>Contractors<br>San Francisco, CA,<br>Area Painters | 7/01/01 | 7/30/01 | 1,000 | 21,000 |
| Painting and Decorators<br>Joint Committee<br>Oakland, CA,<br>Area Painters | 7/01/01 | 7/23/01 | 1,200 | 18,000 |
| All CA stoppages during 2001 | 3 | | 5,700 | 49,500 |
| All US stoppages during 2001 | 30 | | 101,800 | 1,151,300 |

NOTE: The number of workers involved is rounded to the nearest 100.
SOURCE: U.S. Bureau of Labor Statistics

TABLE 6.3 National Labor Relations Board Unfair Labor Practice Charges Filed in California, by Section

| CALENDAR YEARS 1997–2001 | | |
|---|---|---|
| *Year Case Filed* | *8(a) charges* | *8(b) charges* |
| 1997 | 4657 | 468 |
| 1998 | 1132 | 401 |
| 1999 | 1160 | 429 |
| 2000 | 2748 | 692 |
| 2001 | 2314 | 652 |

SOURCE: National Labor Relations Board

TABLE 6.4A Top 10 Industries Charged under NLRB Section 8(a) Unfair Labor Practice Filings, California, 2001.

| | | |
|---|---|---|
| 1 | Hospitals | 188 |
| 2 | Postal Service | 144 |
| 3 | Special Trade Contractors | 140 |
| 4 | Administrative and Support Services | 116 |
| 5 | Accommodation | 96 |
| 6 | Nursing and Residential Care Facilities | 93 |
| 7 | Broadcasting and Telecommunications | 89 |
| 8 | Waste Management and Remediation Services | 86 |
| 9 | Food Manufacturing | 80 |
| 10 | Wholesale Trade, Nondurable Goods | 65 |
| | All California 8(a) Cases (including other industries not shown) | 2314 |

TABLE 6.5A Top 10 Industries Filing Unfair Labor Practice Charges under NLRB Section 8(b), California, 2001.

| | | |
|---|---|---|
| 1 | Postal Service | 62 |
| 2 | Hospitals | 60 |
| 3 | Special Trade Contractors | 44 |
| 4 | Administrative and Support Services | 37 |
| 5 | Accommodation | 29 |
| 6 | Broadcasting and Telecommunications | 27 |
| 7 | Food Manufacturing | 23 |
| 8 | Transportation Equipment Manufacturing | 20 |
| 9 | Couriers and Messengers | 17 |
| 9 | Nursing and Residential Care Facilities | 17 |
| 9 | Waste Management and Remediation Services | 17 |
| | All California 8(b) Cases (including other industries not shown) | 652 |

TABLE 6.4B Top 10 Parties Filing Unfair Labor Practice Charges under NLRB Section 8(a), California, 2001.

| | | |
|---|---|---|
| 1 | Individual | 466 |
| 2 | International Brotherhood of Teamsters | 341 |
| 3 | Service Employees International Union (SEIU) | 286 |
| 4 | International Union of Operating Engineers | 136 |
| 5 | Hotel Employees & Restaurant Employees Union | 99 |
| 6 | United Food & Commercial Workers International Union | 75 |
| 7 | Communications Workers of America | 73 |
| 8 | American Postal Workers Union | 71 |
| 9 | Laborers International Union of North America (LIUNA) | 61 |
| 10 | United Brotherhood of Carpenters and Joiners of America | 53 |
| | All California 8(a) Cases (including other unions not shown) | 2314 |

TABLE 6.5B Unions Charged under NLRB Section 8(b) Unfair Labor Practice Filings, California, 2001.

| | | |
|---|---|---|
| 1 | Service Employees International Union, Health Care Workers | 100 |
| 2 | International Brotherhood of Teamsters | 95 |
| 3 | Hotel Employees and Restaurant Employees | 43 |
| 4 | American Postal Workers Union | 37 |
| 5 | Laborers' International Union of North America | 31 |
| 6 | United Food & Commercial Workers | 28 |
| 7 | International Brotherhood of Electrical Workers Union | 24 |
| 8 | Communication Workers of America | 23 |
| 9 | International Longshore and Warehouse Union | 23 |
| 10 | International Union of Operating Engineers | 20 |
| | All California 8(b) Cases (including other unions not shown) | 652 |

from which to select. During federal fiscal year 2001 California accounted for 729 "panel requests" for arbitrators, about 4 percent of the national total, according to FMCS data. It is unclear whether this surprisingly small proportion—given California's large share of union-represented workers nationally (about 14 percent)—reflects a lower propensity to use arbitration in California or a higher propensity to obtain arbitrators from non-FMCS sources.[11]

Contract negotiations, organizing campaigns, and disputes took place in many of California's private sector industries during recent years. The remainder of this section examines these developments for a series of key industries.

### Agriculture

Farm wage and salary employment varies on a seasonal basis from 2 to 3 percent of total California employment. In the 1960s and 1970s the United Farm Workers (UFW) organizing campaign among grape workers attracted international attention and led California to establish its Agricultural Labor Relations Board (ALRB). The ALRB filled a void in labor law, since the NLRB does not cover agriculture.

Because agricultural employment is such a small component of the overall workforce in California, and because the sector is largely nonunion, the ALRB received only about 200 to 400 ULP charges annually over the past decade, as shown in Table 6.6. The board's administrative law judges dismissed many of these, and the parties themselves resolved most of the others. As a result, the ALRB handed down only a handful of such decisions each year. Similarly, only a few ALRB representation elections took place each year. In early 2002, however, the ALRB adopted various internal regulatory changes that eased requirements for securing union authorization cards and filing ULP charges. In addition, state legislation created a fund to compensate employees awarded damages in cases where restitution from the employer was not possible. The fund receives its resources from monies owed by employers to employees who cannot be located.

During the 1980s the UFW fell on hard times and lost most of its contracts with growers. Some workers are still benefiting from the old contracts, however. A pension fund established under the old agreements and reportedly holding about $100 million in assets has been seeking out workers eligible for retirement benefits but who have not claimed them. About 2,200 retirees currently receive payments from the fund.

Under new leadership, the UFW has recently begun to revive. Its renewed activity appears to be part of a larger movement among Latinos and immigrants toward unionization. In November 2000 the UFW scrapped its 16-year-old grape boycott

11. Federal fiscal years run from October through September. Parties may also obtain arbitrators from the American Arbitration Association or other sources. Some contracts may specify particular arbitrators who are used regularly. Unfortunately, FMCS could not make available earlier data on panel requests in California.

TABLE 6.6 Agricultural Labor Relations Board Charges and Their Disposition, and ALRB Elections, 1990-2000.

| | *FY 1990-91* | *FY 1991-92* | *FY 1992-93* | *FY 1993-94* | *FY 1994-95* | *FY 1995-96* | *FY 1996-97* | *FY 1997-98* | *FY 1998-99* | *FY 1999-2000* |
|---|---|---|---|---|---|---|---|---|---|---|
| *Unfair Labor Practice Charges Filed* | | | | | | | | | | |
| TYPE OF CHARGE | | | | | | | | | | |
| Against Employers | NA | 273 | 214 | 279 | 292 | 322 | 291 | 219 | 281 | 322 |
| Against Unions | NA | 14 | 89 | 26 | 39 | 23 | 10 | 20 | 14 | 54 |
| Total | 394 | 287 | 303 | 305 | 332 | 345 | 301 | 239 | 295 | 376 |
| *Unfair Labor Practice Charges Closed* | | | | | | | | | | |
| TYPE OF CLOSURE | | | | | | | | | | |
| Dismissed | NA | 154 | 128 | 117 | 204 | 190 | 149 | 149 | 175 | 109 |
| Withdrawn | NA | 21 | 27 | 30 | 76 | 26 | 166 | 31 | 28 | 80 |
| Into Complaint | NA | 72 | 50 | 83 | 48 | 59 | 33 | 34 | 18 | 42 |
| Settled | NA | 55 | 92 | 18 | 5 | 16 | 8 | 20 | 7 | 1 |
| Total | NA | 302 | 297 | 248 | 333 | 291 | 356 | 234 | 228 | 232 |
| *Disposition of Charges* | | | | | | | | | | |
| DISPOSITION | | | | | | | | | | |
| Withdrawn before hearing | 0 | 1 | 0 | 2 | 5 | 2 | 1 | 4 | 2 | 0 |
| Settled before hearing | 8 | 10 | 8 | 9 | 6 | 6 | 5 | 3 | 7 | 2 |
| Settled at hearing | 7 | 8 | 11 | 5 | 7 | 8 | 7 | 8 | 3 | 2 |
| Settled after hearing | NA | NA | NA | NA | NA | 0 | 1 | 0 | 1 | 0 |
| Total | 15 | 18 | 19 | 16 | 18 | 16 | 14 | 15 | 13 | 4 |

TABLE 6.6 *(continued)*

| | *FY 1990-91* | *FY 1991-92* | *FY 1992-93* | *FY 1993-94* | *FY 1994-95* | *FY 1995-96* | *FY 1996-97* | *FY 1997-98* | *FY 1998-99* | *FY 1999-2000* |
|---|---|---|---|---|---|---|---|---|---|---|
| *Hearings and ALJ decisions* | | | | | | | | | | |
| HEARINGS AND DECISIONS | | | | | | | | | | |
| ULP Hearings | 16 | 17 | 21 | 12 | 22 | 17 | 9 | 12 | 5 | 3 |
| ULP Decisions | 9 | 15 | 8 | 10 | 10 | 12 | 7 | 4 | 3 | 3 |
| *Elections* | | | | | | | | | | |
| Petition for Certification | 13 | 12 | 16 | 12 | NA | NA | 2 | 3 | 7 | 5 |
| Petition for Decertification | 10 | 15 | 4 | 5 | NA | NA | 1 | 2 | 2 | 2 |
| Dismissals | NA | NA | NA | NA | NA | NA | 2 | 1 | 1 | 1 |
| Elections | 15 | 23 | 14 | 9 | 19 | 6 | 1 | 3 | 7 | 6 |
| Objections | NA | NA | NA | NA | NA | NA | 0 | 0 | 4 | 4 |
| Certifications | 1 | 8 | 10 | 5 | 12 | 4 | 1 | 2 | 5 | 6 |

SOURCE: Agricultural Labor Relations Board, Annual Reports to the Legislature 1991-1992 through 1999-2000 for more traditional organizing tactics. The union has also decided to move its organizing efforts beyond the agricultural sector. In September 2001 it signed a two-year agreement with a Bakersfield furniture manufacturer that provides wage increases and reduced employee contributions for health insurance. And within its traditional agricultural jurisdiction, the UFW reached a three-year agreement with Coastal Berry in March 2001, for an Oxnard unit covering about 750 workers. The agreement provides a 7 percent wage increase over term, medical benefits, and profit sharing. The union viewed this as a breakthrough in its campaign to organize strawberry workers. However, a rival independent union, the Coastal Berry Farm Workers Committee, retained representation rights for other strawberry workers.

The conflict over representation rights at Coastal Berry left a residue of litigation. In fact, strong resistance to unionization remains characteristic of growers. In June 2002 a growers' representative disputed the UFW claim of 27,000 members, noting that the union had reported only 5,946 members to the U.S. Department of Labor. In response the union pointed to the seasonality of agricultural employment and indicated that the lower figure was as of December, a low point in farm activity. Still, even when it wins representation elections, the UFW has a hard time obtaining first contracts with growers. In mid-2002 the California Legislature passed a bill, sponsored by Senate President John Burton, that would provide for compulsory interest arbitration for initial farm sector agreements. At this writing, it is uncertain whether the Governor will sign the bill.

Although the ALRB rather than the NLRB covers farmworkers, some workers in the closely linked food processing industry fall under federal jurisdiction. An example is winery employees, such as the 1,200 workers at E&J Gallo represented by the United Food and Commercial Workers (UFCW). In June 2002 UFCW negotiated a new three-year pact with Gallo that eliminates the "two tier" elements in the prior agreement and provides nearly 12 percent in wage increases over the term of the agreement.

Finally, housing conditions for farmworkers—which from time to time capture public attention in California—are again becoming a political issue. In the Napa Valley, for instance, voters passed Measure L by a landslide 71 percent in March 2002, allowing growers to tax themselves to provide housing for farmworkers.

### Aerospace

The end of the Cold War in the late 1980s and early 1990s led to a dramatic decline in aerospace-related employment in California. A major consolidation of the industry occurred, and employment centers outside California became increasingly important. Today much of the labor relations "action" in aerospace takes place in such cities as Seattle, Wichita, and St. Louis.

In May 2000, 5,200 Boeing workers in Long Beach (at a former McDonnell-Douglas plant) started working under a new four-year contract that provides a 3 percent wage increase in the first year plus lump-sum bonuses and an uncapped cost-of-living adjustment (COLA). The recession of 2001 hurt commercial airlines, and Boeing announced layoffs and job reductions in August 2001, before the September 11 attacks. The terrorist attacks only exacerbated the decline in airline travel, leading to more layoffs and the possibility that the Long Beach plant—which once employed 40,000 workers—might eventually close.

Although aerospace manufacturing has declined substantially in Southern California, the region retains a substantial engineering and technical workforce. The Southern California Professional Engineering Association (SCPEA), an affiliate of the Office and Professional Employees International Union, (OPEIU), unionized some 4,300 such employees at Boeing. Their latest contract, negotiated in June 2001 and due to expire March 2, 2005, included lump-sum bonuses and merit allocations of 4 percent in the first year. McDonnell-Douglas's consolidation with Boeing, however, created demands within the union for merger with the larger engineering union that represents Boeing engineers, the Society of Professional Engineering Employees in Aerospace (SPEEA). Internal turmoil at SCPEA finally led to a decertification election in July 2002, which removed the union as the official bargaining representative.

It remains to be seen whether the now-nonunion engineers will eventually pursue representation by the larger Boeing union, which has undergone some internal political turmoil of its own.[12] SPEEA has had organizing success elsewhere in the country. But in the short run, the loss of a large unit of professionals certainly created adverse publicity for organized labor. The episode suggests a need for an advance warning system for the California union movement when local union activities threaten to create adverse "externalities." Perhaps, had such a monitoring system been in place, outside resources might have been brought to bear to meet the concerns of those who voted for decertification.

Despite the impact of the recession and the 9/11 attacks on aerospace, workers at Lockheed-Martin, including some at Sunnyvale, Palmdale, and Lompoc in California, rejected a company contract offer at union urging and voted to strike in March 2002. The California plants eventually ratified an agreement without a work stoppage, although a strike occurred elsewhere in the country. Over the long run, however, the summer 2002 negotiations between Boeing and the International Association of Machinists and Aerospace Workers (IAM), for a new agreement covering 25,000 workers in Seattle, Portland (Oregon), and Wichita, is likely to have a strong indirect effect on aerospace workers in California.

### Airlines

No major airlines have headquarters in California, a state that once was home to such regional carriers as PSA and Western. Airline employment involves less than 1

12. A recall election of top SPEEA officials was underway at about the same time the SCPEA decertification election took place.

percent of total wage and salary employment in the state. Nonetheless, the industry is quite important for the state's tourism sector. Key airlines fly in and out of airports in Los Angeles, San Francisco, San Diego, and other cities. Apart from passenger traffic, airlines transport low-weight but high-value freight to and from California. The state's airports are also important stopover points for passengers and freight going to other national and international destinations.

The airline industry underwent recession-related revenue and profit losses even before the 9/11 attacks. In their aftermath, however, the industry sustained massive layoffs and drops in air travel. Security measures and reduced traffic have put financial strains on airport operating agencies and concessionaires. And the new federal Transportation Security Agency (TSA) is taking over some private functions at airports, especially baggage screening. TSA officials report that the agency plans to hire 50,000 screeners nationwide by the end of 2002.

The federalization of airline security was a contentious issue in Congress and produced a split among unions. The Service Employees International Union (SEIU) had been organizing screeners, many of whom were low-wage immigrants, before 9/11. It opposed federalization and requirements that screeners be U.S. citizens. But unions that organize mainly in the public sector—such as the American Federation of Government Employees (AFGE) and the American Federation of State, County and Municipal Employees (AFSCME)—supported federalization. Nevertheless, whether screeners would even be eligible for unionization—and the degree to which they would have "whistleblower" protections—remained unsettled. TSA indicated it wanted to have maximum flexibility to fire workers deemed security risks. The new federal citizenship requirements produced a strike threat at San Francisco International Airport. To meet such concerns, California's U.S. Senator Diane Feinstein supported a bill that would allow the hiring of workers who were in the process of becoming citizens.[13]

Airlines have followed different business strategies in the wake of 9/11. Southwest, a major carrier in California, retained its schedule even in the face of reduced passenger demand. Management offered to extend the existing agreement with its pilots by two years (to 2006) to assure long-term labor relations continuity. The offer involved pay increases and stock options. Southwest managed to remain profitable despite 9/11. In fact, in June 2002 its mechanics, represented by the Teamsters, rejected the company's "best and final offer"—on the grounds that the company's profitability justified a more generous contract.

13. President Bush's proposal for a new cabinet agency–including TSA—to deal with homeland security would reduce the number of workers with the protections (including union rights) enjoyed by other federal workers. This matter is likely to be debated intensely in Congress. The issue will be important in California–not only for federal employees at airports, but also for operators and workers at the at seaports in the state, not to mention its large immigrant population. Federal employees dealing with trade and immigration are likely to be incorporated into the new agency.

United Airlines, in contrast, made major cuts in its schedule and discontinued its United Shuttle subsidiary in California. Although the federal Air Transportation Safety and System Stabilization Act (ATSSSA) of September 2001 offered loan guarantees to airlines in financial distress, most airlines waited until the application deadline—late June 2002—before applying. United applied, as did smaller, discount airlines such as ATA. The ATSSSA specified that federal authorities would not approve a loan guarantees unless the carrier obtained contract concessions from their unions. All major carriers flying to California have unionized pilots, including largely nonunion Delta. Apart from Delta, the major carriers also have unionized mechanics, flight attendants, and reservation clerks.

In addition to the loan guarantees, airline carriers received $5 billion in direct federal aid after the terrorist attacks. Some carriers, however, announced that under emergency provisions of their union contracts, they would conduct post-9/11 layoffs without providing normal severance pay. Protests by unions—and adverse public reaction—forced a retreat from that approach. In some cases, the carriers relied on early retirement and voluntary furlough plans to avert actual layoffs. Workers at Frontier took pay cuts for two months.

Despite the obvious economic distress in the airline industry, unions were unsuccessful in obtaining adjustment assistance for airline workers from Congress. They had other concerns, as well, relating to flight security. At one point the Association of Flight Attendants threatened job actions to protest lax anti-terrorist programs, citing a lack of training in security measures. Pilots and their unions generally favored rules allowing them to have guns in the cockpit in the event that measures such as secured cockpit doors and airport screening failed to foil hijackers. The TSA, however, was reticent about such a policy, although it appears that some arming of pilots may yet take place.

Labor developments in the trucking industry have influenced the airlines, because in addition to drivers and other employees, the Teamsters union represents aircraft mechanics at United Parcel Service. UPS reached a tentative four-year agreement with the Teamsters for its aircraft mechanics in December 2001, providing a 28 percent wage increase over the four-year term. The membership rejected the offer, however. A larger UPS-Teamsters agreement in the trucking sector will expire during the summer of 2002 (see below).

Over the past few years the airline industry has witnessed some consolidation of union representation. The independent pilots union at Continental and Continental Express joined the AFL-CIO-affiliated ALPA in June 2001, and the independent pilots union at FedEx joined ALPA six months later.

***American Airlines:*** At American Airlines relations between the independent Allied Pilots Association and management were complicated long before 9/11. The union owed the airline a court-ordered payment of $45.5 million as the result of a sick-out by pilots in 1999. But a federal court rejected a suit by passengers against the union in connection with the same sick-out. Another independent union at American representing flight attendants threatened a strike in early 2001, prompting a declaration from the White House that it would block the strike pursuant to the Railway Labor Act. Eventually, the parties reached agreement without a stoppage during summer 2001, and the membership ratified it after September 11. American's merger with TWA led to concerns among pilots about combined seniority rosters. That dispute was also settled in summer 2001. The Transport Workers Union (TWU) also reached agreement with management on a new contract for 31,000 service workers at that time.

***Delta Airlines.*** In June 2002 Delta reached agreement with its ALPA pilots on a five-year contract with an 11 percent wage increase in the first year. The union filed grievances concerning the handling of post-9/11 layoffs but eventually agreed to a system of voluntary furloughs and reduced pay to cushion the impact. During the summer of 2001 the Association of Flight Attendants launched an organizing campaign at the airline. The post-9/11 anthrax scare delayed a mail-ballot representation election under the auspices of the National Mediation Board. Although the AFA won a majority of the ballots received, it failed to obtain a majority of the workers in the unit—a requirement for certification under the Railway Labor Act—since not all workers voted. Management granted significant pay increases in early 2002 to its nonunion mechanics, who were the target of an organizing campaign by the Aircraft Mechanics Fraternal Association. Delta asserted that the pay increases, reportedly making its mechanics the highest paid in the industry, were unrelated to the campaign.

***United Airlines.*** United Airlines is unique as a major carrier because it is 55 percent owned by its employees. Thus, its unions have an important influence on such management decisions as selection of the carrier's CEO. Despite this arrangement, labor relations at the carrier have been rocky. United began 2001 with a dispute with the International Association of Machinists (IAM) over a contract renegotiation. Complicating the dispute was a petition from the Aircraft Mechanics Fraternal Association to replace IAM as the bargaining representative, a petition the National Mediation Board rejected in summer 2001. In spring 2001 United flight attendants (who are not part of the ownership arrangement) threatened a work slowdown. Both they and the Machinists were concerned about a proposed merger with US Airways, a proposal that was later dropped. Flight attendants at United are operating under a long-term agreement providing for interest arbitration of wage claims. The arbitrators rejected a pay increase in 2001 but in 2002 did provide one, based on the pay prevailing at other major carriers. President Bush indicated he would block a Machinists strike during the holiday season of late 2001, and he appointed a Presidential Emergency Board. Eventually, the Board proposed catch-up pay increases for the Machinists, which the union rejected. The parties did not reach a settlement until March 2002. Amidst all this turmoil United's board of directors, under union pressure, dismissed its

CEO shortly after 9/11, for his statements indicating the airline was "bleeding" money. United applied for federal loan guarantees in June 2002 and received a concession offer from its pilots. The carrier may well negotiate similar concessions with other unions.

### Baseball

In 1994 a dispute between the major league team owners and the Major League Baseball Players Association (MLBPA) led to a strike and premature termination of the season. The World Series was canceled and—both sides seem to agree—fan interest in the sport waned as a result. A contract between the owners and the MLBPA expired in November 2001 (after the 2001 season) and was still in negotiations as the 2002 season began. A settlement was reached at the 11th hour in August 2002.

Apart from minimum pay scales, the issues involved testing players for drugs such as steroids and how such testing might be conducted. Previous baseball contracts have been of special interest to industrial relations specialists because of their unusual features. Although the agreements specify minimum pay scales, as in other industries, star players may use a "final offer" system to arbitrate their individual pay disputes. Under that system the arbitrator picks either the management's or the player's proposal and cannot compromise. This system is viewed as deterring either side from making unreasonable offers that the arbitrator is likely to reject.

### Construction

Construction is an important sector in California, accounting for about 5 percent of all wage and salary workers. As in other parts of the country, competition between the union and nonunion firms in the industry is often intense. Construction unions have been concerned about the rise of temporary employment agencies supplying labor to contractors. In February 2001 suits complaining of wage-and-hour law violations were filed against Labor Ready in California as part of a larger AFL-CIO Building and Construction Trades Department effort. Among the charges was the firm's failure to pay for workers' transit time to worksites. Construction unions have also pushed for state legislation making the overall contractor the "employer of record" even when temps are used.

Many state and local governments, and the federal government during the Clinton years, implemented "project labor agreements" setting pay and conditions and guaranteeing labor peace.[14] Shortly after taking office, however, President Bush signed an executive order restricting such agreements on federal construction. The order was subsequently modified to allow existing projects covered by such agreements to proceed. Unions challenged the overall Bush order, delaying implementation until July 2002 when a federal appeals court ruled in the administration's favor.

14. Johnston-Dodds (2001: 63–64) provides a list of project labor agreements negotiated in California during 1984–2001.

More generally, unions have sought to hold public employers to union standards. Thus, in June 2001 the Los Angeles Department of Water and Power re-bid a contract for a Sun Valley power plant after having selected a nonunion contractor.

Disputes have arisen among construction unions concerning membership erosion and the thrust of new organizing campaigns. The boom of the late 1990s led to strong growth in construction employment, some of which unions were able to capture by new organizing or by expanded employment in existing union shops. Union organizing in construction almost never involves NLRB elections, though, because of the tendency of workers to move from project to project.

The United Brotherhood of Carpenters and Joiners of America withdrew from the AFL-CIO in March 2001. In doing so, the Carpenters opened the door to jurisdictional disputes with other craft unions that normally would have been resolved by internal AFL-CIO procedures. Although the Carpenters' concerns are national in scope, the division among construction unions could eventually create frictions within California.

### Entertainment

Hollywood has long been a highly unionized industry, and has been an important terrain of labor activity in recent years. A long strike began in May 2000 by the Screen Actors Guild (SAG) and the American Federation of Television and Radio Artists (AFTRA) against ad agencies that produce commercials. A key issue was the method of payment: a flat fee (as was the practice in cable) versus a per appearance fee. Among the many advertisers targeted in the course of the strike were General Motors, AT&T, Procter & Gamble, and the Bush presidential campaign. The two unions also targeted celebrities, such as basketball star Shaquille O'Neal and golfer Tiger Woods.

Some advertisers went to Canada to produce commercials during the course of the strike. On-again, off-again negotiations and unfair labor practice charges by both sides characterized the bargaining process. Individual advertisers—such as the California Milk Processors Board—and various ad agencies signed interim agreements with the unions. Eventually, in October 2000, the parties reached an agreement. The new deal increased flat fees for cable ads and rejected the demand by advertisers for flat fees on network TV.

The removal of advertising to Canada during the strike was part of a larger controversy about film production and government subsidies for such production in Canada. Such "runaway" production affects mainly below-the-line jobs in the industry. A U.S. Department of Commerce study endorsed the idea that California jobs were being lost to Canada. But the general lack of solid industry data in Hollywood has limited the ability of neutral analysts to make such a determination.

Nevertheless, SAG and two California Teamsters locals developed plans to file a complaint with the International Trade Commission (ITC) concerning Canadian subsidies. Normally, when trade in goods is involved, proof of foreign subsidies results in countervailing tariffs by the United States. The degree to which such procedures could be applied in motion picture production is unclear. Film producers, not surprisingly, were opposed to the proposed suit and argued instead for U.S. government subsidies to offset Canadian subsidies. California's U.S. Senator Barbara Boxer initially endorsed the unions' approach but subsequently withdrew her support. The unions ultimately withdrew the petition, without a decision by the ITC, in January 2002.

After the ad strike, SAG and AFTRA faced a dispute involving the Hollywood film and TV actors' contract expiring July 1, 2001. Movie production slowed in anticipation of a possible strike. Employers represented by AMPTP, the Alliance of Motion Picture and Television Producers, settled first with the Writers Guild of America and then moved to the actors' negotiations. The bargaining focused on issues of concern to "middle class" actors earning $30,000–$70,000 a year. Negotiations continued after the contract expired and soon produced a three-year deal with basic pay raises but no change in compensation related to video and DVD sales. The contract allowed Fox Broadcasting to continue paying lower rates than the other major networks but brought it up to the general standard in the third year. The agreement reportedly will provide special increases for lower paid actors and cost $120 million over its life. A strong majority of SAG's membership voted to ratify in August 2001, and AFTRA reached a similar pattern deal with the TV networks and producers in November 2001.

SAG has also had to deal with a complex issue affecting those of its members with "agents" as representatives. Under a six-decade old agreement expiring in January 2002, such agents were not to have linkages with ad agencies, entertainment firms, or production companies, to avoid conflicts of interest. Talent managers performing similar services were not so constrained, however. Agents negotiated a new tentative pact with SAG that allowed them greater commercial freedom in exchange for support in a campaign to see that SAG members receive union wages wherever in the world they are employed. The SAG membership rejected the pact in April 2002, leaving the agent matter in limbo.

Internal political problems have plagued SAG. A 2000 report for the union by the consulting firm Towers Perrin pointed to an oversized SAG board, with 105 directors, and expensive offices around the country. Many members work only part-time in the industry, some very part-time, but all have a say in union policy. The board selected a new SAG executive director after a long search in June 2001, but the candidate declined the job after board dissidents questioned his authority. Although the board hired a replacement in September 2001, a tense presidential election campaign, which had to be rerun after a challenge to the voting procedures, diverted union attention from its internal managerial issues.

The Writers Guild contract expired in May 2001. During negotiations both workers and management watched the process closely, edgy with memories of a 22-week writers' strike in 1988. The talks had episodes of collapse and resumption before the parties reached a settlement in May 2001. The settlement was influenced by the recently announced layoffs at NBC, AOL Time Warner, and Disney, as well as pressure from outgoing L.A. Mayor Richard Riordan and others fearful of the economic consequences of a strike on the local economy. The eventual three-year pact produced more money for writers for original cable and pay-TV programs, but not for network shows run on cable. An interesting feature was an acknowledgment of certain "creative rights" for writers, including the right to be on the set and attend premieres. Nevertheless, tensions over such rights between directors and writers remained.

Meanwhile, the directors themselves had to renegotiate their contracts with the AMPTP and major TV networks. The Directors Guild contract with AMPTP was due to expire in June 2002, but the parties were able to settle six months earlier, avoiding a disruption of production. The Guild did not reach a settlement with the networks until June (without a strike).

In other labor relations developments the National Association of Broadcast Employees and Technicians (NABET) reached a four-year deal with NBC in spring 2002. Disneyland also reached a four-year deal with the various unions representing its workers. But not all compensation arrangements in entertainment came through collective bargaining. Recording artists brought complaints to the California state legislature over what they considered the excessively lengthy individual contract durations allowed under state law. Finally, when NBC acquired the Spanish-language Telemundo TV network in April 2002, AFTRA demanded that NBC grant it representation rights for two Telemundo stations in Los Angeles that had resisted union organizing efforts in the past. The union appealed to city political leaders as part of its campaign to extend its contract with NBC's English-language affiliate in Los Angeles to the Spanish-language stations.

### Health Care

Health care for American workers and their families has been supplied largely by employer-based private insurance since the end of World War II. Programs such as Medicare have covered nonworkers—such as retirees, persons on welfare, and, more recently, children of the working poor. Attempts in California during the 1940s by then-Governor Earl Warren to enact a state-run health insurance plan failed, primarily because of doctor opposition. Efforts in the 1990s to resurrect the idea of either a state plan or an employer mandate for coverage also failed. Thus, California's health care system remains—as in the rest of the nation—a hodge-podge of employer plans and public programs. De facto coverage for those not under any formal plan ends up being provided by county hospitals and emergency rooms.

The decentralized health care system has been subject to waves of efforts at cost containment by insurers, employers, and government agencies. During the 1990s those efforts held down the skyrocketing premiums for coverage, but only for a time.

More recently, cost pressures have risen again, fed in part by public concerns about excessive rationing of access to needed services by HMOs and "managed care."

As a labor-intensive industry, health care providers focus much of their cost containment on wages. Nurses' wages seem to have been most at risk. The result has been growing concern over a nursing shortage. Early in 2002, for example, California adopted rules establishing minimum nurse-to-patient ratios in emergency rooms. But absent high enough wages to attract more nurses into the profession, such rules simply tend to shift the overall shortage to other facilities.

Some employers in health care have in fact boosted nurses' wages recently. During the summer of 2001, for example, Kaiser Permanente in Northern California raised nurses' wages 11 percent above the levels required in its union contract—to deal with the labor shortage. Nurses at University of California hospitals threatened a one-day strike in May 2002, which was averted by a new three-year agreement with the California Nurses Association (CNA). Covering 8,000 workers, and ratified by a 95 percent margin, the contract includes pay increases of 19 to 25 percent over term and an end to the "merit" system that the nurses said management had abused. As it happened, many other CNA-negotiated contracts came up for renegotiation in summer 2002. And some nonunion nurses have voted for union coverage in the face of cost containment. Thus, SEIU won a representation election at a nursing unit at Northridge Hospital Medical Center in September 2001, and CNA won representation rights for nurses at Long Beach Memorial Medical Center in November 2001.

In fact, SEIU and CNA have been in competition to represent nurses in California. CNA formed an "alliance" with the United Steelworkers as part of its organizing strategy, which, among other things, gives CNA members access to a Steelworkers pension plan. Perhaps more significantly, the two unions have agreed to coordinate their efforts, with CNA focused on nurses and the Steelworkers on other health care occupations.

Agitation for union coverage has extended beyond nurses to other health care workers. A long-running representation dispute between SEIU and Catholic Healthcare West (CWC) eventually produced a card-check agreement in 2001. The result was the union's representation of 9,000 workers at 20 California hospitals run by the chain, as well as a new two-year agreement in April 2002 that provides an increase in wages and benefits of a reported 10 percent each year. CNA also obtained a first agreement running two and a half years from the CWC chain.

Not all disputes in health care have been settled without a strike. Work stoppages in the first half of 2002 included those at Queen of Angels–Hollywood Presbyterian Medical Center, the Watts Health Foundation (an L.A.-based HMO), and St. Francis Medical Center in Lynwood. The summer saw a three-week strike by claims processors represented by the Teamsters at the Delta Dental Plan in Northern California. Cost containment pressures in response to rising health care costs may well produce other labor relations conflicts in the next few years.

### High Tech

Although high-tech firms in the Silicon Valley and elsewhere in the state are largely nonunion, there have been organizing efforts, notably by the Communications Workers of America (CWA). CWA targeted contract (contingent) workers in this sector and did succeed in scheduling an election at Etown.com, but the firm went out of business as part of the larger dot.com bust, before an election could be held. Contract workers are subject to layoff when cost-cutting pressures arise. After a bruising stockholder battle involving the HP-Compaq takeover, for example, the company, once known for its job security, announced that 4,000 workers at the newly-combined firm would be asked to take unpaid furloughs. The on-line San Francisco-based brokerage firm Charles Schwab asked its employees to take three days off to save money in February 2001, but later reversed the policy, apparently in response to the negative publicity surrounding the request.

Use of such furloughs has become particularly controversial in California. The chief counsel for the state's Division of Labor Standards Enforcement (DLSE), Miles Locker, issued an opinion in May 2001 indicating that exempt employees (typically managers and professionals) had to be paid a full month's salary even if they were asked to take off a few days or use up vacation time. The ruling produced an outcry from the employer community, and the state labor commissioner quickly reversed it. Subsequently, the state announced that Locker would lose his job in an administrative reshuffle. The Industrial Welfare Commission (IWC) decided in late 2001 to follow federal precedents on the furlough issue that would not require a full month's salary, but the California Labor Federation subsequently filed a lawsuit against the IWC's policy.

Absent unionization, employee complaints in high tech tend to find their outlet in regulatory efforts and litigation. Four high-tech firms were fined in August 2000 for underpaying workers' overtime hours for industrial homework. And two "community leaders" of AOL online chat rooms have filed a class-action suit against the company, alleging they should receive compensation for services AOL considers voluntary. Stock option procedures have also been the subject of litigation in this sector. With the dot.com bust and shakeout, layoffs and pay cuts became common, and we can expect to see further employment litigation as a result.

### Hospitality

The hospitality sector has traditionally included both hotels and restaurants. An overlap between the two occurs because many hotels themselves operate restaurants. Generally, the hotel sector has better withstood trends toward deunionization than has the stand-alone restaurant industry. A new wrinkle in the sector has been the rise of gaming on Native American reservations. In many areas recognized tribes have obtained rights to operate casinos that may be out of the reach of national and state labor laws. Nevertheless, the operations typically involve some form of state sanction, which in California has often been conditional on union and labor rights.

***Hotels.*** Hotel ownership and management can change over time, even though the hotel itself remains in place. In addition, new centers of economic activity often give rise to new hotel construction. Thus, the challenge for unions is both to maintain existing bargaining units and to organize the new centers. As in other industries over the past few decades, the dual challenge has proved difficult. In the Los Angeles area, for example, changes in ownership and management have sometimes led to management efforts to de-unionize, as, for example, at the Miramar in Santa Monica.

Newer hotels, such as the New Otani in downtown Los Angeles and the Loews in Santa Monica, have resisted union organizing campaigns vigorously. As a result of the policy at Loews, the Democratic National Convention moved some of its functions out of the hotel during the summer of 2000. Union complaints led to a fine on the hotel in March 2002 for illegally checking Latino workers' immigration documents. At the New Otani, unions brought pressure on local government authorities regarding their dealings with the hotel's Japanese parent company. Perhaps in recognition of the increasing level of organizing efforts in Los Angeles, the Hotel Employees and Restaurant Employees union (HERE) elected Maria Elena Durazo, president of HERE Local 11 in the city, as a vice president of the national union.

Where the political climate is friendly to unionization, as in the City of Santa Monica, union activities can benefit from external support. That was the history at the Miramar, where a long-running decertification campaign was ultimately defeated after a change in management and support from the local city council. In addition, in November 2000 HERE won a card-check election at the Pacific Shores Hotel in Santa Monica. The parties signed a first contract in July 2001. HERE has negotiated card-check agreements in Northern California, too, including one reached in October 2000 with developers of a new hotel on Market Street in San Francisco. And in April 2001 HERE won another card-check election at the Sheraton Grand in Sacramento.

Santa Monica witnessed an interesting linkage between the "living wage" movement—which in most jurisdictions has applied only to government contractors—and hotel unionization efforts. After meeting strong resistance from new beachfront hotels, activists were able to enact a $10.50 living-wage law that applied not only to government contractors but also to larger employers (mainly hotels) in the beachfront area. The ordinance has met considerable resistance, in part in the form of ballot initiatives aimed at constraining the law.

After the attacks of 9/11, with their strong adverse effects on the hotel business, Santa Monica also enacted new ordinances prohibiting hotels from discriminating against union members in layoffs and requiring hotels to rehire by seniority. Although the nearby City of Los Angeles has not intervened directly in the labor relations practices of hotels, its Department of Water and Power did provide reduced rates to laid-off tourism workers, including former hotel employees.

***Restaurants.*** Because of the low unionization rate in the restaurant industry, employee complaints are often processed through legal, regulatory, or political channels. Political pressure, along with the upcoming Democratic National Convention in 2000, led to an accord by HERE and concessionaires at the Staples convention center in downtown Los Angeles. Lawsuits over unpaid overtime work led to settlements with Taco Bell in California in March 2001. Labor leaders have also pressured the Los Angeles International Airport in connection with living-wage laws.

Community organizations have intervened on behalf of low-paid restaurant workers in various contexts. The Korean Immigrant Workers Advocates (KIWA), based in Los Angeles, has been representing workers and protesting labor standards violations such as failure to pay overtime. Such efforts can produce resistance, however. A restaurant owner sued KIWA for defamation in connection with its picketing over the overtime claims. But a court ruled that California's anti-SLAPP suit law of 1993 barred such a suit. (The law prohibited "Strategic Lawsuits Against Public Participation" that use the legal system to deter community-based public relations campaigns or similar activities.)

***Native American Gaming.*** As noted above, establishment of gaming facilities on reservations generally involves some kind of state approval. HERE has sought card-check agreements from tribal authorities in return for the union's political support for state accords. Efforts are underway in Congress to ban states from including labor regulations in compacts with tribes on gaming operations. As of this writing, however, no such federal ban has been enacted.

### Janitors

The Justice for Janitors (J4J) organizing campaign of the Service Employees International Union (SEIU) in Los Angeles began in the late 1980s and early 1990s, after the city's commercial contract cleaning industry had largely deunionized and transitioned to an immigrant workforce. SEIU locals around the country went on to imitate the tactics used successfully in Los Angeles. A fictionalized feature film version of the campaign— Ken Loach's *Bread and Roses*—further publicized the effort when it appeared in movie theaters in 2001. By that time, however, a three-week strike in Los Angeles for a third contract round had led to additional success (see Erickson et al. 2002).

In addition to the pay and benefit increases obtained for L.A.-area workers, the 2000 strike led to the unionization of janitors in Orange County and in Los Angeles supermarkets. Orange County's 16-month first contract, ratified in January 2001, covers 3,000 janitors. Its odd duration aligns the new contract with the expiration of the 2000 Los Angeles contract—part of a larger SEIU strategy of coordinating the timing of its janitor contracts around the country. Apart from wage increases, the new Orange County accord backloads the start of health care coverage to January

2003. The new four-year supermarket accord of February 2001 provides both wage increases and limits on subcontracting.

In April 2001 SEIU and the Mexican American Legal Defense and Education Fund (MALDEF) went to court to request the enjoining of use of cleaning contractors that violate state wage-and-hour laws. In October of that year state authorities announced a crackdown on such violations among contractors providing cleaning services to supermarkets and discount stores.

Where developers and building owners have not cooperated with the union, SEIU has relied on political leverage. For example, in October 2001 SEIU testified against a proposed development at a Costa Mesa city council meeting in Orange County. The developer complained that the union's opposition stemmed from the developer's refusal to use unionized cleaning contractors in the proposed project.

Generally, low-paid janitors have had the benefit of public support in their efforts. This support has been particularly visible on some college campuses. At UC San Diego, for example, student demonstrators protested the university's use of nonunion contractors in June 2001. Shortly after the demonstration, which led to 15 arrests, UCSD agreed to make the janitors university employees who will be covered by an AFSCME contract. In July 2001 the Ford Foundation awarded $130,000 in grants to four J4J activists to develop leadership and computer skills. And in 2002, the state's Displaced Janitor Opportunity Act came into force, providing limited employment security for janitors when new contractors take over a workforce from another contractor or employer.

### Laundries

In April 2001 the 8,800-member Laundry and Dry Cleaning International Union moved its affiliation from SEIU to the Union of Needletrades, Industrial and Textile Employees (UNITE), in a friendly transfer. Nearly half of its membership works in California. A year later UNITE reached a three-year contract settlement with Mission Linen's northern and central California divisions. In addition to pay increases, the new contract—reflecting the demographics of the workforce—provided for excused absences for appointments with the Immigration and Naturalization Service. The company also agreed to expedited NLRB representation elections at its nonunion facilities in California and Arizona.

### Maritime and Longshore

California is a major exporter of its own goods, as well as goods originating in other areas of the country. It is also a major importer of goods for its own use and to be transshipped elsewhere. As noted above, a substantial share of this trade passes through the state's major airports. But for lower value, higher weight cargo, shipping by freighter remains the only viable option. West Coast ports, including those in California, saw the negotiation of a three-year contract covering 10,000 workers in 1999 by the International Longshore and Warehouse Union (ILWU) and the Pacific Maritime Association (PMA), the multiemployer bargaining arm of shipping and stevedore firms. The pact's expiration was June 30, 2002.

Although there has not been a coastwide strike since the early 1970s, localized job actions have occurred. A coal export terminal (not covered by the master ILWU-PMA agreement) had a brief strike in January 2001, for example. In preparation for the 2002 bargaining round, the PMA signaled that it was prepared to initiate a lockout if job actions occurred and reportedly had obtained a $200 million line of credit to finance operations during a long strike. The ILWU expressed concerns about the application of labor-saving technology and use of nonmembers for important functions. The Teamsters, who have had in jurisdictional disputes with the ILWU in the past, promised to support the ILWU in the event of a strike or lockout.

Despite these announcements by both sides, negotiations continued without a strike after the old contract expired. Neither side predicted a strike, and during the second week after the expiration, a labor and management group toured worksites to examine issues of new technology. At this writing, the union has proposed to accept technology-related job cuts in exchange for unspecified benefit increases and recognition of the union's jurisdiction over jobs that are sometimes performed on a nonunion basis. This type of exchange is reminiscent of the union's Mechanization and Modernization Agreement with the PMA of the early 1960s, which allowed technological change in exchange for job security and early retirement provisions.

The 1947 Taft-Hartley Act includes a provision granting the President authority to seek an 80-day "cooling off period" in the event of national emergency disputes. In the initial period following the Act's enactment, this measure was applied in a variety of industries. Since then, however, deunionization in the private sector has made it difficult to establish that a given strike would pose a true emergency. Over time, presidents invoked the provision only in longshore disputes, because of their immediate effect on international trade and related production. Given President Bush's proclivity to apply a similar provision to strikes in airlines under the Railway Labor Act, he might invoke Taft-Hartley in any West Coast longshore dispute. Administration officials have indicated to both sides that intervention in the event of a work stoppage or slowdown is likely.

Apart from traditional labor negotiations, port operations have been a topic of discussion in relation to security against terrorist attacks. The press has made much of the possibility that terrorists could smuggle a nuclear or "dirty" bomb in a shipping container and detonate it in a major port. Preventing such an attack would involve costly cargo inspections. Further concerns have been raised about the port workforce. The ILWU has protested against proposals for intensive and intrusive background checks of its membership.

Finally, at the relatively small Port of Hueneme, public and longshore concerns became entwined in another way in July 2001. During a strike of public employees of Ventura County, some strikers picketed the port. Longshore and other unions honored the picket line, although it was unrelated to maritime operations, halting shipping for a day. (In September 2001, the county reached a settlement with the Ventura employees that provided for a 13 percent wage increase over four years, as well as pension improvements.)

### Motor Vehicles

At one time, the major American automobile manufacturers had assembly plants in California. Those gradually closed; the last wholly American-owned operation, a General Motors plant in Van Nuys, pulled out in 1992. In 1984, New United Motor Manufacturing (NUMMI), a joint venture between GM and Toyota, reopened a closed GM plant in Fremont that has continued to operate. The venture has been the subject of numerous academic studies because of its application of Japanese manufacturing practices to a unionized American workforce.

NUMMI and the International Union, United Automobile, Aerospace, and Agricultural Implement Workers of America (UAW) reached a new four-year agreement in August 2001 covering the plant's 3,900 workers. The pact generally followed features of the existing "Big Three" auto contracts and included lump-sum payments, wage increases of 3 percent a year, and a COLA clause. It also featured an Election Day holiday, part of a wider campaign by the UAW to encourage union members to vote, and a fund for training in health and safety. NUMMI's future as a production venue brightened with the announcement in January 2002 of a new vehicle to be built at the Fremont plant.

Meanwhile, Toyota announced plans to set up its own plant in Long Beach, to make panel trucks beginning in 2004. The company already manufactures pickup truck beds in that city. So far, the UAW (and its Canadian counterpart, the CAW) has been unable to organize stand-alone "foreign transplant" operations. Thus, the Long Beach plant will pose an additional organizing challenge and a potential opportunity for reversing the trend.

### Petroleum

After Alaska and Texas, California is the third largest U.S. producer of crude petroleum. For certain areas of the state, such as Kern County, the oil industry is a major factor in the local economy. Unionized workers in petroleum are mainly represented by the Paper, Allied-Industrial, Chemical & Energy Workers International Union (PACE). Bargaining follows national patterns, but with considerable local variation. Although the union has called local strikes in recent decades, the last industrywide stoppage was in 1980.[15] In late 1997 union contracts in petroleum then in force were extended by two years, to expire in February 2002. The initiative for this extension came from Shell, "to preserve workplace stability."

Shell again became the lead company in the 2002 negotiations. Before formal talks began, PACE expressed concerns about job protections in the event of company takeovers. Ultimately, however, the national pattern did not include successorship language. It did provide wage increases of 3.6 percent per year over a four-year term, thus continuing the tendency toward long-duration contracts in petroleum. In local negotiations, however, workers at a Chevron facility in Richmond rejected the basic contract pattern, seeking special wage adjustments for additional job duties. The parties agreed on a revised contract that included such adjustments for Richmond in March 2002.

### Printing and Publishing

California is home to various foreign-language newspapers, reflecting its growing immigrant population. In March 2001 workers at the Chinese-language *Chinese Daily News* in Monterey Park voted to unionize with the Communications Workers of America (CWA) as their bargaining representative. Workers at the paper had experienced a pay freeze, and the company had reportedly asked them to sign a statement that they were "at-will" employees. Management at the newspaper has not recognized CWA at this writing, and the dispute continues. It has attracted considerable public attention, and was the subject of a State Assembly hearing in May 2002 at which workers aired their complaints.

Newspaper unionization is more concentrated in the Bay Area than in Southern California. Papers such as the *San Francisco Chronicle* and the *San Jose Mercury News* are organized, along with smaller papers such as the *Monterey County Herald.* At the nonunion *Los Angeles Times,* however, the Tribune Co., owner of the paper, imposed a wage freeze and a 5 percent wage cut for senior managers in November 2001, citing the economic downturn.

### Race Tracks

After a *Los Angeles Times* story documenting poor conditions among "backstretch" workers at horse racing tracks in the state, the California legislature voted in August 2001 to improve those conditions. The legislation—which also permits telephone and Internet wagering—included protection for such workers who wish to unionize, as well as arbitration if a first contract cannot be reached. State authorities also

15. At the time of the strike, the Oil, Chemical & Atomic Workers International Union (OCAW) represented workers in the industry. In 1999 it merged with the United Paperworkers International Union to form PACE.

stepped up their labor standards enforcement efforts, especially with regard to minimum wage and overtime standards.

### Railroads

Railroads are a national industry and, like airlines, are covered by the Railway Labor Act. Nonetheless, some rail workers are employed in California, and rail transportation is critical to the state's economy—providing a crucial link to the state's ports, including the new Alameda Corridor development in the L.A. area. A rail strike would have substantial adverse effects on local (and national) economies, but rail unions and management know that in past disputes, the federal government has always stepped in to halt strikes using the mechanisms of the Railway Labor Act or other, ad hoc legislation.

Negotiations procedures under the Railway Labor Act tend to be cumbersome. In May 2002 the United Transportation Union (UTU) reached a tentative agreement for the 1999 bargaining round with the National Carriers' Conference Committee, covering 43,000 workers around the country. The smaller Brotherhood of Maintenance of Way Employees (BMWE) did reach an accord in May 2001, but agreements with other unions in the industry have not yet been reached at this writing. Complicating the UTU negotiations was an on-again, off-again merger negotiation with the Brotherhood of Locomotive Engineers (BLE) that ultimately fell through. BLE thereafter began merger discussions with the Teamsters and reached a tentative agreement on such a plan.

Meanwhile, the financial perils facing Amtrak in the spring and summer of 2002 threatened jobs and local commuter services in California, some of which are partly handled by Amtrak employees. Rail unions have opposed a proposal to break Amtrak into components. In June 2002 Amtrak's CEO threatened to close down the company unless additional funding from the federal government was forthcoming. Congress quickly appropriated temporary funding, but Amtrak's longer term financial health remains in question.

### Retail Supermarkets and Grocery Warehouses

Collective bargaining in the retail and wholesale food distribution industry is primarily a local affair. The major unions in the industry are the United Food and Commercial Workers International Union (UFCW), representing clerks, meatcutters, and other workers, and the Teamsters, representing drivers and warehouse employees. During the 1980s the industry was the scene of significant wage concessions and "two-tier" wage plans (under which new hires receive lower pay than existing workers). More recently, the industry has seen considerable merger and restructuring activity and the threat of nonunion competition from Wal-Mart and other "big box" stores.

Wal-Mart indicated in June 2002 that it would open a store in the Harbor

Gateway area of Los Angeles and that the company has plans for 40 Wal-Mart "Supercenters" in California. UFCW has been trying to gain recognition from Wal-Mart in various stores throughout the country, including one in Lake Elsinore. In 1999 Governor Davis vetoed a union-sponsored bill that would have limited the ability of big-box stores to offer food and drugs. Major unionized supermarket chains also supported the bill. Generally, the line between supermarkets and drug stores and other retailers has blurred. Drug stores, for example, sell some food items, and supermarkets sell over-the-counter medicines. Some big-box operators, such as Costco, that primarily sell other types of products such as electronics also carry some health care items, cosmetics, and other products that might be found at a drug store or supermarket. While Wal-Mart is nonunion, Costco has Teamster union contracts covering 8,000 workers in California.

In the San Francisco area the Safeway chain spun off Summit Logistics, a company that now supplies its stores with warehouse and delivery service. After a six-week strike in December 2000, the Teamsters settled with Summit on a six-year accord that narrowed the gap in pay between new hires and incumbent workers. Safeway and Albertsons negotiated a new agreement with the UFCW in the Sacramento Valley covering 10,000 workers in July 2001. Pension overfunding helped ease the pact through, averting the need for additional employer contributions to the retirement program. Many employers had a similar experience because of the run-up of the stock market in the late 1990s, but market declines since then may well lead to underfunding and the need for new contributions in the future. The Sacramento Valley accords also provided management with the ability to sell "case-ready" meats in exchange for job security assurances for meat department workers.

More difficult negotiations occurred between UFCW and major supermarkets in the San Francisco area. Workers rejected management's last offer on the advice of the union but did not vote the two-thirds margin needed to call a strike. As a result, they reluctantly accepted the contract—covering 27,000 workers—in October 2001. It provides a 10 percent increase over a three-year term.

Supermarkets serving immigrant populations have proved harder to unionize. However, after a two-year campaign, UFCW negotiated a four-year agreement covering 200 workers with Gigante, a Mexico-based chain operating in Southern California in April 2001. Management agreed to union recognition after a card-check process. Although the new contract includes wage increases and health insurance, pay remains below levels at the major chains. The Gigante accord appears to be part of the larger movement of Latino union organization.

In contrast, unionization among Asian immigrants has proven even more difficult. In some cases, community organizations such as KIWA (Korean Immigrant Workers Advocates) have focused on labor standards enforcement through appeals to state regulatory agencies. However, KIWA has targeted supermarkets in L.A.'s Koreatown for a union organizing drive. An NLRB representation election in March 2002 resulted in a near-tie vote at one market, with both sides challenging the outcome.

### Shipbuilding

Shipbuilding in California, as elsewhere in the country, has declined substantially in the face of foreign competition and reduced federal support. At one time shipyards up and down the West Coast negotiated unified agreements, but coordinated bargaining disappeared in the 1980s. The National Steel and Shipbuilding Company (NASSCO) in San Diego—the only major shipbuilding facility on the West Coast—and the various craft unions representing workers there have had a long history of contentious labor relations. Since abortive strikes in 1992 and 1996, no union contracts have been in place for many of the union workers at the company. Between 1989 and 1998 NASSCO was owned through an Employee Stock Ownership Plan (ESOP)—a fact that did not seem to improve the labor relations climate—but in 1998 General Dynamics purchased the firm's holding company. Some craft workers have formed an independent union that won an NLRB election in June 2002, ending the jurisdiction of some AFL-CIO affiliates. But other groups voted to remain with their affiliated representatives. Management has shown a willingness to negotiate with the new independent union and did reach an agreement with the Machinists in 2001.

### Student Athletes

Although college athletes are not "employees," they do receive various stipends and benefits, and colleges and universities often use those awards in recruiting. The United Steelworkers of America is assisting a campaign by student athletes to obtain improved stipends. The campaign includes students at UCLA who formed the Collegiate Athletes Coalition. This is just part of a larger effort by unions to organize student workers at private and public colleges and universities, where they may work in a variety of clerical and food service operations, under work-study programs, and, at the graduate level, as research assistants and teaching assistants. A branch of the UAW currently represents student workers at various University of California campuses.

### Telecommunications

Since deregulation and the breakup of the Bell System in the 1980s, the telephone industry has undergone substantial restructuring. Collective bargaining, which at one time was largely conducted nationally with AT&T, has become more of a regional affair. In addition, there is substantial competition between conventional "landline" telephone networks and the newer wireless systems. California is a major center of wireless activity. For example, San Diego is home to QUALCOMM.

In March 2001 CWA reached a contract with SBC Communications, owner of Pacific Bell and Nevada Bell. The new pact provided for wage increases of 12.25 percent over three years and covers Cingular Wireless workers as well as landline workers. The pact limited mandatory overtime and provided an extra $25 per week for workers using bilingual skills. Verizon agreed to a similar contract in California, providing 12 percent over three years, in November 2001.

At the national level, in April 2002 AT&T reached an 18-month accord with CWA and the International Brotherhood of Electrical Workers (IBEW) that dealt in part with job security concerns. The new agreement established a committee to investigate ways to shift displaced operators from the declining long-distance operations to newer Internet and cable services. The pact also included a lump-sum bonus and 6 percent in wage increases over term.

### Trucking

Like telecommunications, the trucking industry was greatly affected by deregulation in the 1980s that fostered nonunion competition. The major union in the trucking industry, the Teamsters, has more recently been concerned with competition from Mexican trucking firms pursuant to NAFTA. Under a provision of NAFTA, Mexican trucking companies can access the U.S. market beyond a limited border zone. The Teamsters have resisted application of this provision, citing safety concerns among other issues. A report from the U.S. General Accounting Office in early 2002 questioned whether the United States was in a position to enforce its safety standards, but a NAFTA arbitration panel later ruled against further U.S. delays in admitting Mexican trucks. In May 2002 the Teamsters and the carriers' California Trucking Association (which has split from national trucking groups) filed suit to block implementation on environmental grounds. Further support came from California Attorney General Bill Lockyer, in a friend of the court brief. The Teamsters have also raised the issue of border security against terrorism in this matter.

At the national level the Teamsters renegotiated a major agreement, replacing one due to expire at the end of July 2002, with United Parcel Service. The new six-year contract, once ratified, will cover UPS workers in California and elsewhere. Preliminary reports indicate it will raise wages in the 3 to 4 percent range annually through scheduled wage increases and COLAs. The union increased dues to support a larger strike fund. In 1997 a 15-day strike against UPS attracted considerable public attention over the issue of use of part-timers. The part-time concern remained an issue in 2002 and found some resolution in UPS's backloaded commitment to convert some part-timers to full-timers under the new accord, as well as to pay special wage increases to part-timers. The union's right to recognition at UPS-operated businesses related to "logistical planning" and other services, along with health care and pension issues, were also at issue in 2002. Details on how the new accord dealt with those issues are not available at this writing.

UPS reported that its second quarter 2002 profit fell because nervous shippers had begun moving business elsewhere in anticipation of a possible strike. However, the parties managed to settle about two weeks before the contract expiration. The six-year duration of the new contract, one more year than in the expiring contract, also suggested that both sides wished to avoid strike-related business losses.

As noted above, a proposed contract with UPS for mechanics and other workers at its airline operations was rejected in December 2001. Because of the unit's size and importance to the union, the outcome of the UPS negotiations has been viewed as a test for Teamsters president James P. Hoffa, who faces significant internal union opposition.

Also noted earlier was the Teamsters' formation of a cooperative arrangement with longshore unions to organize independent truckers who service ports. As part of that effort, the union has supported the U.S. Department of Justice in pushing for a lifting of antitrust exemptions for ocean carriers. The union argues that the carriers form a de facto cartel that has the power to pressure trucking firms to hold down costs, which in turn depresses wages. Although longshore unions have supported the effort, other maritime labor organizations, such as the Seafarers International Union, have opposed it.

Ultimately, trucking unions and employers, like their counterparts in airlines and maritime shipping, will be facing difficult and costly issues related to security against terrorist attacks. The above-mentioned Mexican trucking issue is an example. The concerns are likely to involve hiring standards and screening and the handling of hazardous materials (Belzer 2002).

### Utilities

California's unfortunate experience with deregulation of its electrical utilities attracted nationwide attention, as rolling blackouts and rocketing consumer prices for power took hold in 2001. Pacific Gas and Electric (PG&E), one of the nation's largest private utilities supplying electricity and natural gas, declared bankruptcy, and disclosures of improper electricity trading by Enron and other firms appeared in the media. Under deregulation the utilities had sold off many of their power plants, disrupting ongoing labor relations at the facilities. For example, at a former Southern California Edison plant in San Bernardino, now owned by Reliant Energy, workers rejected continued representation by the Utility Workers. The union charged that a pre-election bonus by the firm led to the rejection. However, at a similar spun-off plant in Barstow, workers voted for continued representation by the union.

### Other Developments in the Private Sector

***International Trade.*** Unions have been concerned about job displacement due to foreign competition. In some cases, such displacement occurs when foreign suppliers enter the U.S. market and compete against domestic firms. In other cases, domestic firms outsource abroad. One prominent example of the latter was the announcement in April 2002 that San Francisco-based Levi Strauss—a firm that has generally enjoyed good union-management relations— would be moving production offshore from six of its eight plants in this country, one of which is in California.

Generally, such offshore moves do not run afoul of U.S. labor law, but a move of production motivated by anti-union animus—for example, in response to a union organizing effort—could be ruled an unfair labor practice under federal law. In November 2000 a federal court granted an NLRB request for a preliminary 10(j) injunction that would have prevented a Gardena jewelry firm, Quadrtech, from moving production to Mexico, on grounds that the move was linked to anti-union animus. CWA had won an NLRB election just before the announced move. A month after the NLRB's request for an injunction, the firm canceled the decision. The question of union representation at the firm remains unresolved, however. And a CWA representative has complained that the company canceled an out-of-court settlement with workers fired during the organizing drive after the U.S. Supreme Court ruled that undocumented workers could not receive back pay for discharges carried out in retaliation for union activity. (*Hoffman Plastic Compounds, Inc. v. NLRB*)

An interesting experiment is underway in the L.A. garment sector with financing from the Hot Fudge Social Venture Fund established by Ben Cohen of Ben and Jerry's. A new apparel firm called SweatX, whose workers are represented by UNITE, opened in 2001. Management pay is limited to eight times that of the lowest paid worker, and employees can become part owners under special internal financing arrangements at the firm. The objective is to pay a "living wage" of $8.15 to $15 per hour and yet be profitable enough to compete in the marketplace.

Litigation in California and by Californians may have an effect on international trade and investment patterns. The California Supreme Court ruled in May 2002 that Nike ads denying sweatshop conditions at the company's foreign shoe suppliers were commercial statements subject to state laws on misleading advertising. If plaintiffs can show at trial that Nike's statements were misleading, they might win damages that could go to charities or consumers. Nike is likely to appeal the ruling to the U.S. Supreme Court.

Related to the Nike suit are efforts by some California-based activists to improve labor conditions at factories in Saipan, part of the U.S. Commonwealth of the Northern Marianas. Saipan factories contract with known brands in the United States such as Gap to produce apparel, commonly employing workers from China and the Philippines. A pending class action suit—now accepted by a federal district court—argues that such workers are often employed under conditions violating minimum labor standards. Meanwhile, Los Angeles Superior Court Judge Victoria Chaney has ruled that a suit against El Segundo-based Unocal can go forward. Filed by villagers in Myanmar (formerly Burma), the suit alleges human rights violations involving the construction of a natural gas pipeline through a joint venture between Unocal and the Myanmar government.

Finally, even local governments may have an influence on international trade developments. A proposition slated to appear on the Berkeley ballot in November 2002 would require coffee shops to sell only coffees meeting "fair trade" and environmental standards. Fair trade coffees are those certified as yielding the local equivalent of a living wage to farmers in supplying countries. Such legal and political initiatives are part of a larger national concern about labor standards and international trade. Congressional debate about such matters in the context of proposals to give the president renewed "fast track" negotiating authority for new trade agreements was another reflection of those concerns. Ultimately, the fast-track bill contained expanded trade adjustment assistance for U.S. workers injured by foreign competition and refers to core labor standards of the International Labor Organization as an objective of trade negotiations.[17]

***Overtime and Minimum Wage Issues.*** California's current minimum wage of $6.75 (effective January 2002) exceeds the federal minimum of $5.15. Its overtime provisions, with certain exceptions, apply to an 8-hour day/40-hour week standard, as opposed to the federal norm of a 40-hour week. Overtime enforcement has become an important, high-stakes issue in California, as various high-profile employers have been charged with wage-and-hour violations in recent years. Some have been found in violation of state or federal pay laws, while others have settled claims of such violations—typically involving off-the-clock work or alleged misclassification of certain employees as exempt. These firms include Farmers Insurance Exchange, the Auto Club of Southern California, 21st Century Insurance Group, Bank of America, Starbucks, Pleasant Care (nursing homes), Radio Shack, Rite Aid, and Pacific Bell.

In early 2001 various community organizations created a Garment Workers Center in Los Angeles, which helps workers file claims of wage underpayments. In connection with this effort, the Asian Pacific American Legal Center of Southern California filed a suit against the apparel firm Forever 21, charging pay violations by its contractors. Forever 21 then filed a defamation suit against APALC, the Garment Workers Center, and others. In turn, the American Civil Liberties Union announced it would join the suit against Forever 21, charging that the defamation suit was an illegal SLAPP suit (Strategic Lawsuit Against Public Participation) that should be dismissed. Just as labor standards in the international trade sector have become a focus of legal and political activity, so, too, have labor standards for workers in California.

16. The new law defines core labor standards as the right of association, the right to organize and bargain collectively, a prohibition on the use of any form of forced or compulsory labor, a minimum age for the employment of children, and acceptable wages, hours, and occupational safety and health conditions.

TABLE 6.7 Public Employee Relations Board Charges and their Disposition, 1991-2001

| | 1991-92 | 1992-93 | 1993-94 | 1994-95 | 1995-96 | 1996-97 | 1997-98 | 1998-99 | 1999-00 | 2000-01 |
|---|---|---|---|---|---|---|---|---|---|---|
| *Unfair Practice Charges Filed* | | | | | | | | | | |
| Charges filed | 599 | 467 | 501 | 532 | 546 | 660 | 621 | 604 | 511 | 461 |
| *Charge Disposition* | | | | | | | | | | |
| charge withdrawal | NA | NA | NA | 169 | 151 | 155 | 188 | 176 | 149 | 139 |
| charge dismissed | NA | NA | NA | 139 | 138 | 172 | 149 | 158 | 173 | 153 |
| Complaint issued | NA | NA | NA | 152 | 213 | 338 | 278 | 312 | 216 | 193 |
| Total | NA | NA | NA | 510 | 502 | 665 | 615 | 646 | 538 | 485 |

SOURCE: Public Employment Relations Board Annual Reports 1995-2001

## PUBLIC SECTOR DEVELOPMENTS

California public sector collective bargaining is governed by a variety of statutes. Federal employees in the state—such as air traffic controllers, immigration officials, and VA hospital workers—are subject to federal civil service laws. The State Employer-Employee Relations Act of 1978 (SEERA), also known as the Dills Act, covers state employees. The Higher Education Employer-Employee Relations Act of 1979 (HEERA) covers employees of the University of California and California State University. Workers in the K-14 public education system fall under the Educational Employment Relations Act of 1976 (EERA), while city and county employees fall under the Meyers-Milias-Brown Act of 1968. The California Public Employment Relations Board (PERB) administers SEERA, HEERA, and EERA, and it has had jurisdiction over the Meyers-Milias-Brown Act (except in the City and County of Los Angeles, which have their own administrative apparatus) since July 2001. Finally, employees in California's transit districts are subject to the statutes creating those districts. With the exception of certain public safety employees, nonfederal public workers in California generally have the right to strike.

PERB caseloads are primarily comprised of unfair labor practice (ULP) charges, shown in Table 6.7. Perhaps because the public sector in California is already heavily unionized, relatively few representation elections take place for state, higher education, and primary and secondary education employees. (PERB has not had jurisdiction over local elections until recently.) As noted earlier, California's public sector now comprises roughly half of all workers covered by collective bargaining in the state. Yet ULP charges received by PERB annually do not even approach the NLRB's intake from California. This may be a reflection of less contentious labor relations in the public sector, where employers are less vigorous in resisting organizing campaigns than their counterparts in the private sector. As noted earlier, many ULP charges at the NLRB flow out of organizing situations.

Although some of the state's unionized public sector workers are employees of the federal government, the large share of state and local employees means that public policy with regard to labor relations in California is more and more a state affair. In the past state and local authorities have tended to follow federal (NLRB) practice in interpreting the statutes under which they operate. In fact, much of the language in those statutes derived from the Wagner/Taft-Hartley Act framework. But there is no need for California to continue to follow this copycat approach for public workers (or for agricultural workers under the ALRB). If the trend continues toward a greater share of the unionized sector being made up of public employees, the state may begin to adopt a more independent labor relations policy.

### Airports

Major international airports in California, such as SFO in San Francisco and LAX in Los Angeles, are public, semiautonomous entities. Nonetheless, private contractors and concessionaires employ many low-wage workers at these airports, and union organizing projects have been underway at both for several years. The SFO Airport Commission agreed to card-check recognition in spring 2001, although litigation over that agreement arose. A coalition of unions—including SEIU, HERE, IAM, UFCW, and OPEIU—has been active at SFO, and about 2,000 workers at the airport have been organized. Similar efforts have been underway at LAX. For example, under a card-check pact, HERE organized workers at DFS North America's duty-free stores in LAX.

The 9/11 terrorist attacks immediately cut traffic at California airports. Revenues decreased for both the airport authorities and concessionaires, leading to substantial layoffs. LAX was able to cover its budget shortfalls by cutting costs and drawing down reserves. However, a fatal shooting at LAX at an El Al ticket counter on July 4, 2002 raised questions about security and travelers' safety. California airports may need to institute more expensive security procedures, which may in turn require the creation of some jobs (in security) but the loss of others (if air travel is further discouraged).

In short, continued uncertainty in air travel could lead to greater economic difficulty for airports and concessionaires. Ironically, these difficulties can provide some union leverage. In December 2001, for example, LAX gave rent relief to concessionaires that had suffered in the post 9/11 period, but unions pushed for the airport authorities to deny such relief to those concessionaires that had failed to follow the terms of their union contracts.

### Home Care Workers

Disabled persons receive public funding to hire home care aides. In the past, these aides—often paid at the minimum wage—were considered to be individual employees of the disabled persons. As such, it was not practical for them to have union representation. But in 1997 the County of Los Angeles, the SEIU, and the state agreed to create an employing entity for the 75,000 aides in the county: the Personal Assistance Service Council. The SEIU was then able to win representation rights for the aides and negotiate an agreement on their behalf with the council. Unionization of the aides was one of the largest election victories for organized labor in California in decades.

Although there have been legal challenges to the arrangement, other counties in California have been adopting it. For example, Sacramento's employing entity negotiated a 15-month contract for 9,250 aides in April 2001. Many of those aides became eligible for health insurance under the new accord. In San Bernardino County 5,050 homecare aides became covered by SEIU representation in June 2002; over 3,000 became so-represented in Fresno County at about the same time.

Meanwhile, back in Los Angeles where the concept was developed, SEIU and the County Board of Supervisors became embroiled in a dispute over a union-sponsored ballot initiative that would raise the pay of the aides from $6.75 an hour to $11.50. The board viewed this political effort by the union as an end-run around the bargaining process (which was unlikely to produce anything like $11.50). At a closed meeting Board members apparently discussed with legal counsel options for keeping the initiative off the ballot. An issue then arose over whether the county could legally discuss such matters in a closed meeting and over the propriety of blocking the initiative. (Similar issues arose when Los Angeles County officials obtained a court order blocking an initiative that would have raised pensions for Sheriff's Department workers.) Further political efforts to improve the pay and conditions of low-wage public sector workers are likely to emerge in California in the future. In the meantime, however, a judicial ruling in July 2002 did keep the SEIU-sponsored initiative for home care workers from appearing on the ballot.

### Teachers and University Faculty

After the 1978 passage of Proposition 13, the tax revenue base for local governmental entities—especially school districts—dropped sharply. Since then, state funding of local schools has become increasingly important. Proposition 98, a kind of aftershock to Prop 13, now guarantees that a formula-based share of the state's general fund goes to K–14 education. Nevertheless, the shift in budgetary responsibilities has meant that K–14 education funding is highly sensitive to the state's increasingly tenuous financial position. Although independent unions represent many education workers in the state, the threat of a fiscally adverse climate may spur greater unity within organized labor. Thus the independent California School Employees Association, which represents about 200,000 workers, joined the AFL-CIO in 2001.

In February 2001 United Teachers Los Angeles (UTLA) reached a three-year pact (retroactive to July 1, 2000) with the Los Angeles Unified School District (LAUSD) covering 43,000 teachers, counselors, psychologists, and nurses and providing 15 percent in pay increases over term. (The District reached a similar agreement with 2,200 school administrators, providing 14 percent increases.) By June 2002, however, the grim budgetary outlook was making labor relations more difficult. The District indicated it would increase class sizes to cut costs, leading UTLA to file a complaint with PERB concerning a possible contract violation. In turn, the District hinted that a failure to achieve savings through increased class sizes would lead to future cuts in teacher pay. We can expect to see more disputes like this one as school budgets tighten.

Not all trends in education, however, are leading to more difficult labor relations. In June 2001 Los Angeles financier Eli Broad and teacher unions around the country announced a program to improve both student performance and labor-management cooperation. The San Francisco Unified School District will be one of the districts involved in this effort. And despite their conflicts, UTLA and the LAUSD have cooperated for several years on a project to teach high school students about collective bargaining (Tubach 2002). On the other hand, efforts to obtain greater worker input in educational decision-making via legislation have been less successful. A bill to obtain bargaining rights over textbooks and curriculum, sponsored by the California Teachers Association (CTA), an affiliate of the American Federation of Teachers, was opposed by Governor Davis and eventually shelved.

University of California faculty are not represented by a union for collective bargaining purposes on a systemwide basis. (The UC Santa Cruz campus is organized, and many nonfaculty employees are represented at the systemwide and campus levels.) However, faculty at the California State University (CSU) System are union represented, along with other employees. A threatened faculty strike in March 2002 was averted at CSU after a factfinder's report led to a three-year pact providing 2 percent pay increases in the first two years. The new agreement covers 22,000 CSU employees.

### Transportation

Although California has the image of a car-happy state, its major urban areas have extensive public transit systems. In the Bay Area the summer of 2001 brought concerns that a dispute between BART (Bay Area Rapid Transit) management and its two unions, SEIU and the Amalgamated Transit Union (ATU), would lead to a strike. A court injunction and a cooling-off period imposed by Governor Davis delayed the stoppage, and in late September the parties agreed on a four-year contract providing pay increases of 22 percent over term. In contrast, at about the same time a Teamsters strike did occur in Los Angeles against private bus lines that carry passengers under a contracting out system. There remains the possibility of a strike at this writing against the Los Angeles Metropolitan Transportation Authority by bus and train supervisors represented by AFSCME. Negotiations have been underway between AFSCME and the MTA since 2000. Although relatively few employees are directly involved, the larger ATU local representing mechanics and maintenance workers pledged to observe an AFSCME picket line, should the dispute reach that point.[17]

The contracting out issue led to a dispute in 2002 between the Teamsters and Laidlaw Educational Services, a private school bus operator that carries some students for the Los Angeles Unified School District. Laidlaw employs about 700 drivers and handles about a third of the routes for the district. The key issue for the Teamsters was parity with drivers employed directly by the district. A settlement reached after a 26-day strike provides 3.5 percent wage increases per year over three years, with issues concerning health insurance to be settled by subsequent arbitration.

### Other Developments in the Public Sector

One example of political activity to improve wages at the lower end of the spectrum is the living-wage movement, which has been particularly active in California. The movement's focus is governmental agencies that contract out services to private firms or make major purchases from the private sector. Living-wage ordinances passed in many jurisdictions specify the wage levels that outside providers must pay their workers when providing government services. The wages required are well above the federal or state minimum wage and often require provision of health insurance or a wage premium if such insurance is not provided. Ventura County, for example, enacted such a law in 2001 as did the City of Richmond. (Santa Monica's unique living wage law—which also applies to selected noncontractors—is described above in the section on the hospitality industry.)

The movement has influenced public dealings with private firms that require governmental assistance and cooperation, even if the living-wage law in the jurisdiction does not strictly apply. For example, in 2001 the Wing Hing Noodle Company agreed to a Los Angeles City request to pay the local living wage in exchange for approval of a $4.3 million industrial development bond. Developers needing city approval for a project near the North Hollywood subway station also agreed to a living wage in 2001. And in July 2002 McDonald's restaurants at Los Angeles International Airport also agreed to pay the municipal living wage.[18] Even where a direct relationship with a local government does not apply, the living-wage idea can have an influence. For example, Stanford University agreed to a living wage policy for its subcontractor employees in February 2002.

17. The United Transportation Union represents MTA bus drivers. During a drivers' strike in 2000, some AFSCME-represented workers crossed their picket line. Reportedly, UTU has not committed itself to observing a possible AFSCME picket line in 2002.
18. McDonald's had a contract with the airport that pre-dated 1997, when the living wage law took effect. As such, it was not obligated to pay the living wage.

Another prominent issue in the public sector is contracting out – a long-term trend but one that tends to accelerate in periods of fiscal austerity. Contracting out figured in a 2001 sanitation dispute in Los Angeles involving the Teamsters and private trash haulers that provide public service. The 700 to 800 workers involved rejected a tentative deal and went on strike for five days. The settlement, which was similar to the rejected offer, provided a 33.5 percent pay increase over five years.

California's large prison system, whose population grew rapidly under "three strikes" and similar legislation, has been another site of controversy over contracting out. As part of the budget cycle, Governor Davis announced, but then reversed, a decision to close a private women's prison near Sacramento. The Governor's January 2002 preliminary budget for the 2002–2003 fiscal year had called for such closings. Complaints about the political influence of the California Correctional Peace Officers Association may have played a role in the reversal. Concerns were also raised about a new state contract raising prison guard pay by 33.75 percent over five years during a period of budget stringency.

Budget stringency ran up against a court decision requiring the County of Los Angeles to give the same pay to officers employed by the Office of Public Safety as that received by county sheriffs. After the decision, which the County claimed would ultimately cost $100 million in back pay and pension enhancements, the Board of Supervisors threatened to abolish the office. In contrast, Santa Barbara County gave its sheriff's deputies an unscheduled 12 percent pay increase (above union contract rates) in June 2002 due to a labor shortage.

In 2002, the battle over possible secession of the San Fernando Valley and Hollywood from the City of Los Angeles drew in municipal unions who fear such secession would threaten job security. In June 2002, the SEIU, the Los Angeles Police Protective League (LAPPL), and the umbrella Los Angeles County Federation of Labor all announced opposition to secession. Shortly thereafter, the general counsel for SEIU Local 347 filed a lawsuit to block the vote on secession scheduled for November 2002. The Local even released a CD with songs such as "Breaking Up is Hard to Do" to underline its opposition to secession! LAPPL also disputed claims by the County Sheriff's Department that it could provide relatively inexpensive policing services under contract with the proposed Valley city.

## POSTAL SERVICE

Postal worker union contracts are negotiated at the national level but affect postal employees in California. The Postal Service is one of the largest employers in California, with something under 100,000 workers. As in the case of airline and other transportation workers, issues of security against terrorism are likely to influence postal bargaining in the future. Shortly after the 9/11 terrorist attacks, anthrax was spread by mail on the East Coast. The source of this bioterrorism has yet to be determined. But it raised widespread concerns among postal workers as well as the general public.

Workers of the U.S. Postal Service are in a unique position. They are employed by a government-owned entity that nonetheless is covered by the NLRB. On the other hand, unlike other NLRB-covered workers, they do not have the right to strike. Impasses in collective bargaining are settled through compulsory interest arbitration under a special federal law whose origins go back to a postal strike during the Nixon administration. In December 2001 an arbitration panel determined the terms of a new three-year pact between the Postal Service and the American Postal Workers Union. The contract provided wage increases of 4.4 percent plus a constrained COLA clause. Although most postal negotiations have historically ended up in arbitration, both the National Association of Letter Carriers and the National Postal Mail Handlers Union reached deals with the Postal Service in 2002 without outside intervention. The former received 6 percent plus a constrained COLA over four years, and the latter received 7.1 percent plus a constrained COLA over five years. (The smaller National Association of Rural Letter Carriers also reached a postal accord in 2002.)

Although sometimes at loggerheads during negotiations, both postal union officials and postal management are concerned about technological changes—such as faxes, e-mails, and the Internet—that tend to undermine traditional mail communication. In addition, the Postal Service competes with private delivery services such as FedEx and UPS. Increasingly, these sources of competition are pushing postal unions and management toward cooperative efforts—in terms of both legislation and organizational restructuring (Sombrotto 2002).

## CONCLUSION

Although the state's economy is often said to be equivalent to that of a major independent nation, California obviously does not have an autonomous economy. The ups and downs in its employment trends are closely tied to those of the United States as a whole. Similarly, its industrial relations system is not independent of larger trends at the national level. The erosion of private sector unionization that occurred in the nation as a whole over the past few decades is also apparent in California. Nonetheless, California's industrial composition is not typical of the U.S. as a whole. For example, its large entertainment sector has unique labor relations characteristics. The fact that roughly half of collecting bargaining coverage in California applies to public employees means that the state has more authority over its industrial relations policy than is widely supposed.

California politics have been shifting towards the Democrats in recent years, a trend that suggests that organized labor will have more influence on public policy than was the case in the 1980s and much of the 1990s. As a major destination of immigrant workers who are often at the bottom of the wage scale, California will continue be faced with policy issues related to the pay and health care of such employees. They also seem to be a population ripe for union organizing, especially in service industries where import competition is not a factor.

In the past California has sought to provide vehicles for labor-management cooperation. In 1945, with the endorsement of then-Governor Earl Warren, the state legislature established the original Institute of Industrial Relations at the University of California—predecessor to the new Institute for Labor and Employment. At the time the conversion from a wartime economy had sparked a wave of strikes and union density was at its peak. Today, the issues are different, but research about the state's labor relations scene is still crucial. The national Industrial Relations Research Association (IRRA)—whose members include labor and management practitioners, neutrals, and academics—has seven active local branches in California, more than in any other state.[19] Thus, the impetus for bringing together bargainers and other interested parties has remained high in California. As this chapter demonstrates, there is much industrial relations activity and much to study in the Golden State.

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19. IRRA branches exist in San Francisco, Oakland–San Jose, the Inland Empire, Sacramento, Los Angeles, Orange County, and San Diego. The IRRA is also attempting to re-start its chapter in Fresno. For more information, visit *www.irra.uiuc.edu*

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**APPENDIX 6A. California Private Sector Contracts and National Contracts Affecting California, by Expiration Date (BLS and BNA information)**

| *Employer and Location* | *Union* | *SIC or BNA Industry* | *Workers* | *Expiration Date* | *Source: BLS ID or BNA* |
|---|---|---|---|---|---|
| *Pre-2002* | | | | | |
| Kaiser Foundation Hospitals So. CA (clks & aides) CA San Bernardo | USWA 7600 | 8062 | 2900 | 11/1/00 | 8135 |
| Garage & Parking Lot Agreements CA San Fran | IBT 665 | 7525 | 1200 | 11/30/00 | 7730 |
| Food Employers Council, Inc., S. CA Retail Food Ind. CA Southern | SEIU 1877 | 5411 | 1800 | 01/21/01 | 6316 |
| Price Company (was Price Club) CA | IBT 986 | 5311 | 7800 | 2/1/01 | 6585 |
| McDonnell Douglas Corp (now Boeing Co.) CA SAPEA | SAPEA | 3721 | 5002 | 3/4/01 | 4210 |
| Winery Employers Assn. CA | DWW 45D & 186 | 2084 | 1000 | 3/31/01 | 323 |
| Mason Contractors Exchange of So. CA CA Southern | BAC 4 | 1741 | 1100 | 4/30/01 | 8554 |
| Natl Elect Cntrctrs Assn (residential) CA Santa Clara | IBEW 332 | 1520 | 1600 | 5/31/01 | 8228 |
| San Diego Hospital Assn, dba Sharp Healthcare CA San Diego | UNAC | 8062 | 3500 | 5/31/01 | 7963 |
| CPC Baking Business (bakery drivers) CA Southern | IBT 63, 683 et.al. | 2051 | 3000 | 6/2/01 | 8117 |
| Textile Rental Services Assn (linen & industr agmt) CA Los Angeles | LDC 52 | 7211 | 3000 | 6/5/01 | 7712 |
| AGC, CA & SCCA, San Diego CA San Diego | IUOE 12 | 1540 | 1700 | 6/15/01 | 8405 |
| AGC, CA – Southern exc San Diego CA Southern | IUOE 12 | 1540 | 14000 | 6/30/01 | 8413 |
| Painters & Decorators Jt Comm of East Bay- 9 Cnties CA Oakland | PAT DC 16 | 1721 | 2000 | 6/30/01 | 8143 |
| Sheet Metal & Air Conditioning Cntrctrs Assn CA Los Angeles | SMW 108 | 1761 | 2000 | 6/30/01 | 8576 |
| Kaiser Foundation Hospitals (office & profess) CA San Diego | OPEIU 30 | 8062 | 1600 | 7/1/01 | 8001 |
| Kaiser Foundation Hospitals (serv,maint,cler,tech) CA San Diego | OPEIU 30 | 8062 | 2500 | 7/1/01 | 8136 |
| New United Motor Manufacturing, Inc. CA Fremont | UAW 2244 | 3711 | 4000 | 8/4/01 | 4197 |
| Air Conditioning and Refrigeration Cntrctrs Assn. CA LA & Orange | PPF 250 | 1711 | 1700 | 8/31/01 | 8610 |
| San Diego Gas & Electric Co. CA San Diego | IBEW 465 | 4930 | 1500 | 8/31/01 | 6077 |
| Food Employers Council (Safeway & Lucky Stores) CA Northern | UFCW 870 | 5411 | 34000 | 9/1/01 | 6729 |
| Food Employers Council (Safeway & Lucky Stores) CA Northern | UFCW 588 | 5411 | 1000 | 9/1/01 | 6736 |
| Food Employers Council (Safeway & Lucky Stores) CA Northern | UFCW 428 | 5411 | 34000 | 9/1/01 | 6755 |
| Food Employers Council (Safeway & Lucky Stores) CA Northern | UFCW 648 | 5411 | 34000 | 9/1/01 | 6756 |
| Mechanical Cntrctrs Council of Central CA CA Centra | PPF DC 36 | 1711 | 1200 | 9/30/01 | 8684 |
| National Steel & Shipbuilding (implemented terms) CA San Diego | Various 6 unions | 3731 | 1800 | 9/30/01 | 4129 |

| | | | | | |
|---|---|---|---|---|---|
| Universal Studios CA LA | OPEIU 174 | 7811 | 1000 | 9/30/01 | 7815 |
| Kaiser Permanente (So. CA Region) CA Pasadena | SEIU 399 | 8062 | 10800 | 10/1/01 | 7996 |
| Raytheon Systems Co. (was Hughes Aircraft Co) CA Southern | UBC/E&ST 1553 | 3663 | 3800 | 10/19/01 | 3693 |
| Disneyland Theme Park Operations CA Los Angeles | HERE 681 | 7996 | 1500 | 10/30/01 | 7986 |
| San Mateo County Restaurnt & Hotel Ownrs Assn CA San Mateo | HERE 340 | 5811 | 3000 | 10/31/01 | 7524 |
| Kaiser Permanente CA Northern | SEIU 250 | 8062 | 14000 | 11/3/01 | 7929 |
| Kaiser Permanente Foundation Hosps (ofc & cler) CA Oakland | OPEIU 29 | 8062 | 2000 | 11/3/01 | 8036 |
| *2002* | | | | | |
| Chevron USA (Richmond) | PACE | Petroleum Refining | 800 | Jan. 2002 | BNA |
| Kaiser Permanente Medical Care Prgm (pharm techs) CA Southern | UFCW 135,324, 770,103 | 8062 | 1000 | 2/1/02 | 8137 |
| Lockheed Martin Skunk Works CA Palmdale | IAM Dist 725 | 3721 | 1900 | 3/1/02 | 4080 |
| E&J Gallo Winery | UFCW | Food | 1200 | Mar. 2002 | BNA |
| Chevron USA (El Segundo) | PACE | Petroleum Refining | 700 | Mar. 2002 | BNA |
| National Broadcasting Co. (Multistate) | CWA | Telecommu-nication | 2700 | Mar. 2002 | BNA |
| Yosemite Concession Services Corporation CA Yosemite | SEIU 535 | 7032 | 1200 | 3/14/02 | 7532 |
| Disneyland, Div. of Walt Disney Productions CA Anaheim | VAR-AFF | 7996 | 3000 | 3/15/02 | 7993 |
| GTE California Inc. CA (now Verizon) | CWA | 4813 | 10000 | 3/16/02 | 5721 |
| Cedars-Sinai Medical Center CA Los Angeles | SEIU 399 | 8062 | 1200 | 3/31/02 | 7995 |
| Southern California Gas Co. CA Southern | UWU ICW | 4924 | 5000 | 3/31/02 | 6050 |
| Stanford Health Services (RNs) CA Stanford | CRONA | 8062 | 1100 | 3/31/02 | 8013 |
| Associated Produce Dealers & Brokers of Los Angeles | IBT | Wholesale/ Retail Trade | 1150 | Apr. 2002 | BNA |
| Delta Dental Plan of California (San Francisco) | IBT | Health Care | 700 | May 2002 | BNA |
| Robertshaw Controls, Grays Division (Long Beach) | UAW | Instruments | 750 | May 2002 | BNA |
| Southern Wine and Spirits of America (San Francisco) | IBT | Wholesale/ Retail Trade | 2200 | May 2002 | BNA |
| Elect Cntrctrs Assn (inside wiremn) CA Orange Cnty | IBEW 441 | 1731 | 1000 | 5/31/02 | 8535 |
| Natl Elect Cntrctrs Assn (inside wiremn) CA LA Cnty | IBEW 11 | 1731 | 4300 | 5/31/02 | 8532 |

| *Employer and Location* | *Union* | *SIC or BNA Industry* | *Workers* | *Expiration Date* | *Source: BLS ID or BNA* |
|---|---|---|---|---|---|
| Drywall/Lathing Master Agreement (So. California) | Carpenters | Construction | 1000 | Jun. 2002 | BNA |
| Alta Bates Medical Center (Berkeley) | CA Nurses Assoc | Health Care | 1700 | Jun. 2002 | BNA |
| AGC, CA (hvy-hwy & bldg) CA Northern | IBT 94,137,150,et a | 1611 | 5000 | 6/15/02 | 8467 |
| AGC, CA - northern CA Northern | IUOE 3 | 1611 | 8500 | 6/15/02 | 8468 |
| AGC, CA CA Northern | LIUNA No. CA DC | 1540 | 21000 | 6/30/02 | 8542 |
| AGC, CA & BIA, & SCCA (11 So. CA counties) CA Southern | UBC SCCC | 1540 | 4000 | 6/30/02 | 8401 |
| Laborers Tunnel Master Agrmt (AGC) CA Northern | LIUNA No. CA DC | 1622 | 1000 | 6/30/02 | 8548 |
| Southern CA Drywall/Lathing Master Agmt CA Southern | UBC SCCC | 1520 | 1000 | 6/30/02 | 8139 |
| United General Contractors (12 So. CA counties) CA Southern | UBC SCCC | 1540 | 16000 | 6/30/02 | 8092 |
| Santa Clara Valley Contractors Assn. | PPF | Construction | 1500 | Jul. 2002 | BNA |
| Rite Aid Inc. (drugs) (was Thrifty Payless, Inc.) CA Southern | UFCW 135,324, 770,103 | 5912 | 1000 | 7/7/02 | 7300 |
| Rite Aid Inc. (retail drugs) (was Save-on-Drug) CA Southern | UFCW 135,324, 770,103 | 5912 | 1000 | 7/7/02 | 7307 |
| Pacific Bell Directory Co. (San Francisco) | IBEW | Telecom - munications | 1050 | Aug. 2002 | BNA |
| Buena Vista Cafe CA San Fran | HERE 2 | 5811 | 2000 | 8/31/02 | 7142 |
| Vons (Anaheim) | IBT | Wholesale/ Retail Trade | 3300 | Sep. 2002 | BNA |
| Food Employers Council (wrhse, drvrs & offce) CA | IBT 63,495, 630,848 | 5411 | 4000 | 9/15/02 | 6302 |
| Kaiser Permanente (So. California) | SEIU | Health Care | 10200 | Oct. 2002 | BNA |
| Foster Farms CA Cent Valley | UFCW 1288 | 2015 | 2200 | 10/5/02 | 450 |
| Food Industry (food, meat, bakery, gen.merch.) CA Southern | UFCW 135,324,770,103 | 5411 | 80000 | 10/5/03 | 6707 |
| Natl Elect Cntrctrs Assn (sound & commun- So. CA) CA Southern | IBEW 9th Dist- 441 | 1731 | 10000 | 11/30/02 | 8230 |
| Pacific Gas & Electric Co. (N. California) | Marine Engineers | Utilities | 1700 | 12/01/02 | BNA |
| Kaiser Permanente CA Northern | CAN | 8062 | 8300 | 12/31/02 | 7962 |

| | | | | | |
|---|---|---|---|---|---|
| Pacific Gas & Electric Co. (engrs and scntists) CA | ESC 20 | 4911 | 1527 | 12/31/02 | 6073 |
| Pacific Gas & Electric Co. (office & clerical) CA | IBEW 1245 | 4911 | 2300 | 12/31/02 | 6072 |
| Pacific Gas & Electric Co. (prod, maint & cnstruc) CA | IBEW 1245 | 4911 | 9200 | 12/31/02 | 6071 |
| *2003* | | | | | |
| Rohr Inc., Div. of BFGoodrich Aerospace CA Chula Vista | IAM Lodge 755 | 3721 | 1200 | 2/16/03 | 4088 |
| Bay Area Maintenance Contractors CA | SEIU 1877 | 7349 | 5000 | 4/30/03 | 8025 |
| Maintenance Contractors Agreement CA Los Angeles | SEIU 1877 | 7349 | 8500 | 4/30/03 | 7983 |
| Maintenance Contractors Orange County CA Los Angeles | SEIU 1877 | 7349 | 3000 | 4/30/03 | 7979 |
| Campbell Soup Co. CA Sacramento | IBT 228 | 2032 | 1700 | 5/8/03 | 254 |
| Industrial Employers and Distributors Assn. CA Northern | VARIOUS | 5100 | 1100 | 5/31/03 | 6331 |
| Natl Elect Cntrctrs Assn (inside wiremen) CA San Diego | IBEW 569 | 1731 | 1450 | 5/31/03 | 8105 |
| Natl Elect Cntrctrs Assn (inside wiremen) CA Santa Clara | IBEW 332 | 1731 | 1600 | 5/31/03 | 8109 |
| Natl Elect Cntrctrs Assn (inside) CA Oakland | IBEW 595 | 1731 | 1000 | 5/31/03 | 8778 |
| San Francisco Electrical Cntrctrs Assn (inside) CA San Fran | IBEW 6 | 1731 | 1150 | 5/31/03 | 8538 |
| AGC, CA & BIA, & SCCA CA Southern | IBT 87 & JC 42 | 1540 | 2500 | 6/30/03 | 8411 |
| AGC, CA & BIASC & SCCA CA Southern | OPCM 500, 600 | 1611 | 5500 | 6/30/03 | 8402 |
| AGC, CA - Los Angeles (industl & genl pipefitters) CA Southern | PPF DC 16 | 1711 | 9000 | 6/30/03 | 8504 |
| California Plumbing & Mechanical Cntrctrs Assn CA Los Angeles | PPF DC 16 | 1711 | 1800 | 6/30/03 | 8505 |
| California Processors Inc. CA | IBT 601,746 et. al. | 2033 | 21500 | 6/30/03 | 253 |
| California Processors Inc. (wasTri-Valley Grwrs) CA | IBT 748,857,601 | 2033 | 11000 | 6/30/03 | 422 |
| Kern, Inyo & Mono Counties Sheet Metal & AC Contr CA Bakersfield | SMW 108 | 1711 | 2200 | 6/30/03 | 8586 |
| Mason Contractors Exchange of So CA (brck tndrs) CA Southern | LIUNA SC DC | 1741 | 1200 | 6/30/03 | 8553 |
| Northern CA Mechanical Cntrctrs Assn et.al. CA Northern | PPF 342 | 1711 | 2100 | 6/30/03 | 8115 |
| Northern CA Painters Employers' Barg Cncl-5 ctys CA San Fran | PAT DC 16 | 1721 | 1000 | 6/30/03 | 8706 |
| Southern CA Painters, Decorators & Allied Trades CA Southern | PAT DC 36 | 1721 | 3000 | 6/30/03 | 8527 |
| Southern California General Contractors CA Southern | LIUNA SC DC | 1540 | 35000 | 6/30/03 | 8403 |
| Northern CA Drywall Cntrctrs Assn-38 counties CA San Fran | PAT DC 16 | 1721 | 2700 | 7/31/03 | 8144 |
| San Francisco Maint Cntrctrs Assn (evergreen) CA San Fran | SEIU 87 | 7349 | 4000 | 7/31/03 | 7426 |
| Leland Stanford Junior University (tech & maint) CA Palo Alto | SEIU 715 | 8221 | 1300 | 8/31/03 | 8007 |
| Southern CA Drywall Finishers CA Fullerton | PAT DC 36 | 1742 | 1000 | 9/30/03 | 8523 |
| Pacific Rim Drywall Assn CA Southern | UBC SCCC | 1520 | 1000 | 12/31/03 | 8140 |
| Southern California Edison Co CA | UWU 246 | 4910 | 1468 | 12/31/03 | 6094 |

| *Employer and Location* | *Union* | *SIC or BNA Industry* | *Workers* | *Expiration Date* | *Source: BLS ID or BNA* |
|---|---|---|---|---|---|
| Southern California Edison Co. CA | IBEW 47 | 4910 | 4244 | 12/31/03 | 6030 |
| *2004* | | | | | |
| Disneyland Hotel, Div of Walt Disney World CA Anaheim | HERE 681 | 7011 | 1200 | 01/31/04 | 7517 |
| IBT Conventional Dairy Agmt (office workers) CA Southern | IBT 63,166,186, et. | 2026 | 1800 | 2/28/04 | 365 |
| IBT Conventional Dairy Agmt (plant & drivers) CA Southern | IBT 630 | 2026 | 1800 | 2/28/04 | 228 |
| Hotel Restaurant Employers' Council of So. CA Inc. CA Southern | HERE 11 | 5812 | 5000 | 4/15/04 | 7117 |
| Boeing Co. (was McDonnell Douglas) CA Long Beach | UAW 148 | 3721 | 4976 | 4/25/04 | 4066 |
| Macy's California Department Stores CA San Fran | UFCW 101 | 5311 | 2000 | 5/31/04 | 6513 |
| AGC, CA - northern 46 counties CA Northern | UBC Conf Board | 1611 | 5000 | 6/30/04 | 8561 |
| AGC, CA - San Diego County CA San Diego | LIUNA 89 | 1540 | 3000 | 6/30/04 | 8417 |
| Associated Produce Dealers of Los Angeles CA Los Angeles | IBT 630 | 5148 | 1400 | 6/30/04 | 6310 |
| Carpenters Master Agreement for No. CA CA Northern | UBC 46 NCCCB | 1751 | 17000 | 6/30/04 | 8920 |
| Hotels, The (multiemployer) CA San Fran | HERE 2 | 7011 | 6500 | 8/14/04 | 7511 |
| *2005* | | | | | |
| Solar Turbines Inc. CA San Diego | IAM 389 | 3724 | 1300 | 5/29/05 | 4091 |
| AGC, CA CA No Central | OPCM No. DC | 1540 | 1600 | 6/30/05 | 8543 |
| Santa Clara Valley Contractors, et. al. CA Santa Clara | PPF 393 | 1711 | 1500 | 6/30/05 | 8833 |
| San Francisco Newspaper Publishers Assn. CA San Fran | TNG 52 | 2711 | 2000 | 7/1/05 | 1457 |
| *2006* | | | | | |
| Sheet Metal & Air Conditioning Cntrctrs Assn CA Bay Area | SMW 104 | 1711 | 3000 | 6/30/06 | 8503 |
| *2007* | | | | | |
| Mechanical Cntrctrs & Master Plumbers Assns CA San Fran | PPF 38 | 1711 | 1800 | 6/30/07 | 8654 |

Selected Private National Contracts Affecting California by Expiration Date (BLS)

| *Employer and Location* | *Union* | *SIC* | *Workers* | *Date* | *BLS ID* |
|---|---|---|---|---|---|
| *Pre-2000* | | | | | |
| Natl Elect Cntrctrs Assn (sound & commun- No. CA) CA NV Northern | IBEW 9th Dist-12 loc | 1731 | 1250 | 2/28/01 | 8110 |
| AMPTP (Basic Theatrical and TV) National | WGA | 7812 | 7800 | 5/1/01 | 7950 |
| AMPTP (Basic K and TV) National | SAG | 7810 | 34500 | 6/30/01 | 7912 |
| AMPTP (Basic TV Film) National | AFM | 7814 | 3000 | 10/16/01 | 7921 |
| Major League Baseball Teams National | MLBPA | 7941 | 1050 | 11/7/01 | 8022 |
| *2002* | | | | | |
| Lockheed Martin Missiles & Space Co. CA FL | IAM Dist 725 | 3721 | 1635 | 3/1/02 | 9 |
| AMPTP (Basic K and TV) National | DGA | 7811 | 3350 | 6/30/02 | 7914 |
| Pacific Maritime Assn. Pacific | ILWU | 4491 | 11200 | 7/1/02 | 5424 |
| United Parcel Service (national master agmt) National | IBT | 4212 | 180000 | 7/31/02 | 5255 |
| Boeing Co. (technical unit) CA FL OR WA | SPEEA | 3721 | 8427 | 12/1/02 | 4177 |
| *2003* | | | | | |
| National Master Freight Agreement (MCLAC) National | IBT | 4212 | 4000 | 3/31/03 | 5202 |
| National Master Freight Agreement (TMI) National | IBT | 4212 | 90000 | 3/31/03 | 5201 |
| Natl Elect Cntrctrs Assn Wstrn Line Cnstructrs (outs) CA Nrthrn & NV | IBEW 1245 | 1731 | 1600 | 5/31/03 | 8191 |
| National Master Automobile Transporters Agmt National | IBT | 4213 | 10000 | 5/31/03 | 5209 |
| General Electric Co. (hourly & cler salaried) CT NY PA OH CA | UE 13 Locals | 3600 | 5000 | 6/15/03 | 3618 |
| General Electric Co. (hourly & salaried) PA NY OH MA CA | IUE 51 Locals | 3600 | 23000 | 6/15/03 | 3617 |
| AMPTP (Basic K and Video) National | IATSE | 7812 | 29000 | 7/31/03 | 7915 |
| *2004* | | | | | |
| CBS Inc. CA DC IL MO NY | IBEW 4,45,1200,1212 | 4833 | 2500 | 7/31/03 | 5780 |
| *2005* | | | | | |
| Iron Worker Employers Council CA NV | BSOIW DC | 1791 | 11000 | 6/30/04 | 8582 |

**APPENDIX 6B. Public-Sector California Contracts by Expiration Date (BLS and BNA information)**

| *Employer and Location* | *Union* | *Workers* | *Expiration Date* | *Source: BLS ID or BNA* |
|---|---|---|---|---|
| *Pre-2002* | | | | |
| San Bernardino County (general unit) CA San Bernard | SBPEA-I | 12000 | 1/1/99 | 820584 |
| Orange CA Unified Schools (teachers) CA Santa Ana | NEA OUEA | 1100 | 6/30/99 | 811859 |
| Poway CA Unified School District (teachers) CA Poway | AFT PFT | 1500 | 6/30/99 | 820868 |
| Orange County CA (general unit) CA Santa Ana | OCEA-I | 3150 | 6/29/00 | 820255 |
| Orange County CA (office service ) CA Santa Ana | OCEA | 2700 | 6/29/00 | 820792 |
| Orange County CA (supervisors unit) CA Santa Ana | OCEA-I | 1550 | 6/29/00 | 830725 |
| Los Angeles Unified Schl Distr (administrs) CA Los Angeles | AALA-I | 2000 | 6/30/00 | 820848 |
| Los Angeles Unified Schl Distr (instrctnl aides-Unit B) CA Los Angeles | SEIU 99 | 9600 | 6/30/00 | 820852 |
| Los Angeles Unified Schl Distr (ofc, tech, & bus svc) CA Los Angeles | SEIU/CSEA CSEA | 4500 | 6/30/00 | 820850 |
| Los Angeles Unified Schl Distr (opns & supt-Unit C) CA Los Angeles | SEIU 99 | 7900 | 6/30/00 | 820851 |
| Los Angeles Unified Schl Distr (sklld craft- Unit E) CA Los Angeles | LACBCTC | 1250 | 6/30/00 | 840113 |
| Los Angeles Unified Schl Distr (tchr assts-Unit F) CA Los Angeles | LACCSEU 99 | 13000 | 6/30/00 | 830775 |
| Los Angeles Unified Schl Distr (teachers) CA Los Angeles | NEA/UTLA NEA/AFT | 30000 | 6/30/00 | 830748 |
| Merced County CA (units 4, 5, 6 & 8) CA Merced Cnty | AFSCME 2703 | 900 | 12/31/00 | 820607 |
| San Diego Unified School District (paraeducators) CA San Diego | NEA | 2700 | 4/27/01 | 830756 |
| California, University of (patient care tech, Unit 13) CA | AFSCME | 7750 | 4/30/01 | 830843 |
| Ventura County CA (general unit) CA Ventura | SEIU 998 | 4100 | 6/27/01 | 820537 |
| ABC Unified School District (teachers) CA Cerritos | AFT ABCFT 2317 | 1100 | 6/30/01 | 800119 |
| California State (attys & hearing officers, Unit 2) CA | ACSA-I | 3002 | 6/30/01 | 800361 |
| California State (ed. scientific research, Unit 10) CA | CAPS-I | 2266 | 6/30/01 | 800362 |
| California State University (faculty & librar, Unit 3) CA | SEIU CFA 1983 | 18500 | 6/30/01 | 830758 |
| California State University (opns.supt, Units 2,5,7,9) CA | SEIU CSEA 1000 | 11900 | 6/30/01 | 830752 |
| California, University of (service, Unit 11) CA | AFSCME | 6750 | 6/30/01 | 830842 |
| Fontana CA Unified Schools (classified) CA Fontana | USA 8597 | 1100 | 6/30/01 | 800240 |
| Fontana CA Unified Schools (tchrs, counslrs) CA Fontana | NEA FTA | 1200 | 6/30/01 | 800279 |
| Fremont CA Board of Education (teachers) CA Fremont | NEA | 1700 | 6/30/01 | 830831 |

| | | | | |
|---|---|---|---|---|
| Glendale City CA (general) CA Glendale | GCEA-I | 1200 | 6/30/01 | 811425 |
| Irvine Unified School District (teachers) CA Irvine | AFT ITA | 1200 | 6/30/01 | 800261 |
| Los Angeles City (administrative unit) CA Los Angeles | EAA | 1450 | 6/30/01 | 820044 |
| Los Angeles City (clerical & support svcs) CA Los Angeles | AFSCME 3090 | 4300 | 6/30/01 | 811827 |
| Los Angeles City (equipt oprtrs & laborers CA Los Angeles | SEIU 347 | 3300 | 6/30/01 | 811829 |
| Los Angeles City (prof, engr, & scientific unit) CA Los Angeles | EAA-I | 1500 | 6/30/01 | 820223 |
| Los Angeles City (safety, security, & nonsworn) CA Los Angeles | SEIU 347 | 1050 | 6/30/01 | 811821 |
| Los Angeles City (service and crafts) CA Los Angeles | SEIU 347 | 1300 | 6/30/01 | 811828 |
| Los Angeles City (technical unit) CA Los Angeles | EAA-I | 1150 | 6/30/01 | 811825 |
| Marin County CA (units 1-5 & 16) CA San Rafael | SEIU MAPE 949 | 1500 | 6/30/01 | 820078 |
| Mt. Diablo CA Unified School District (teachers) CA Concord | NEA/MDEA MDEA | 1750 | 6/30/01 | 830598 |
| Oakland Unified Schools (white collar paraprof) CA Oakland | UPE OSEA 790 | 1800 | 6/30/01 | 820822 |
| Sacramento City Unified School District (teachers) CA Sacramento | NEA SCTA | 2500 | 6/30/01 | 830759 |
| San Diego Community College District (faculty) CA San Diego | AFT SDCCG 1931 | 1250 | 6/30/01 | 830790 |
| San Diego County (multidepartment) CA San Diego | SEIU 2028 | 10000 | 6/30/01 | 820210 |
| San Diego County (welfare unit) CA San Diego | SEIU SSU 535 | 2500 | 6/30/01 | 820311 |
| San Diego Unified School District (teachers) CA San Diego | NEA STDA | 7300 | 6/30/01 | 830796 |
| San Francisco (firefighters) CA San Francis | IAFF 798 | 1500 | 6/30/01 | 800428 |
| San Francisco Unified School District (support) CA San Francis | AFT | 2000 | 6/30/01 | 830817 |
| San Francisco Unified School District (teachers) CA San Francis | AFT | 5200 | 6/30/01 | 830816 |
| San Juan Unified School District (teachers) CA Carmichael | NEA STJA | 1400 | 6/30/01 | 830803 |
| Ventura County Comm College District (faculty) CA Ventura | AFT VCFCT 1828 | 1000 | 6/30/01 | 840021 |
| West Contra Costa Unified School District (tchrs) CA Richmond | NEA UTR | 1400 | 6/30/01 | 820856 |
| California State (crafts & maint, Unit 12) CA | IUOE 3,12,39,501 | 11109 | 7/2/01 | 830840 |
| California State (crrctnl peace officers, Unit 6) CA | CCPOA- I | 26256 | 7/2/01 | 800368 |
| California State (custodial, Unit 15) CA | SEIU CSEA 1000 | 4500 | 7/2/01 | 830838 |
| California State (engr & scientific techs, Unit 11) CA | SEIU CSEA 1000 | 3344 | 7/2/01 | 800352 |
| California State (firefighters, Unit 8) CA | IAFF 2881 | 2677 | 7/2/01 | 800357 |
| California State (highway patrol, Unit 5) CA | CAHP-I | 5651 | 7/2/01 | 800363 |
| California State (institut educ & librarians, Unit 3) CA | SEIU CSEA 1000 | 2854 | 7/2/01 | 800356 |
| California State (med & soc serv specs, Unit 20) CA | SEIU CSEA 1000 | 2326 | 7/2/01 | 800353 |
| California State (office & allied, Unit 4) CA | SEIU CSEA 1000 | 32877 | 7/2/01 | 830839 |

| *Employer and Location* | *Union* | *Workers* | *Expiration Date* | *Source: BLS ID or BNA* |
|---|---|---|---|---|
| California State (phys, dentists, & podiat, Unit 16) CA | UAPD-I | 1409 | 7/2/01 | 800355 |
| California State (prof admini & staff, Unit 1) CA | SEIU CSEA 1000 | 35437 | 7/2/01 | 800369 |
| California State (prof engineers, Unit 9) CA | PECG-I | 8935 | 7/2/01 | 800365 |
| California State (prof health & soc serv, Unit 19) CA | AFSCME 2620 | 3726 | 7/2/01 | 800295 |
| California State (protective & safety, Unit 7) CA | CAUSE | 6341 | 7/2/01 | 800364 |
| California State (psychiatric technicians, Unit 18) CA | CAPT | 5931 | 7/2/01 | 830837 |
| California State (registered nurses, Unit 17) CA | SEIU CSEA 1000 | 3321 | 7/2/01 | 800354 |
| Garden Grove CA Unified School Distr (teachers) CA Garden Grv | NEA GGEA | 2400 | 8/31/01 | 830798 |
| Los Angeles City (building trades) CA Los Angeles | LABCTC | 1000 | 8/31/01 | 811822 |
| Stockton Unified School District (teachers) CA Stockton | NEA STA | 1550 | 8/31/01 | 811292 |
| Fresno County (clerical, paramedical-unit12) CA Fresno | SEIU 752 | 1400 | 9/16/01 | 820722 |
| California, University of (cler & allied svc, Unit 12) CA | CUE-I | 18250 | 9/30/01 | 830841 |
| Los Angeles City Dept of Pwr & Wtr (prof) CA Los Angeles | EAA-I | 1100 | 9/30/01 | 811820 |
| San Jose (clerical and support staff) CA San Jose | AFSCME MEF 101 | 2300 | 9/30/01 | 810012 |
| San Juan Unified School District (classified) CA Carmichael | SEIU CSEA 127 | 2200 | 11/15/01 | 830797 |
| San Bernadino County (safety unit) CA San Bernard | SBPEA-I | 1100 | 12/28/01 | 800220 |
| *2002* | | | | |
| Santa Clara Valley Trans Auth (ops & maint) CA Santa Clara | ATU 265 | 1500 | 2/11/02 | 820834 |
| San Joaquin County (office, technical, & cleric) CA Stockton | SEIU 790 | 1100 | 3/31/02 | 820698 |
| California, University of (RNs, Unit 7) CA | CNA-I | 6500 | 4/30/02 | 830844 |
| Santa Clara County (general unit) CA Santa Clara | SEIU 715 | 8000 | 6/23/02 | 811294 |
| Sonoma County CA (general unit) CA Sonoma Cnty | SEIU/SCOPE 707 | 2000 | 6/24/02 | 820578 |
| California, University of (research support) CA | CWA UPTE | 3800 | 6/30/02 | 800265 |
| Fresno Unified School District (teachers) CA Fresno | NEA FTA | 3500 | 6/30/02 | 830746 |
| Los Angeles Community College (cler & tech) CA Los Angeles | AFT CSG 1521 | 1050 | 6/30/02 | 830754 |
| Los Angeles Community College (faculty) CA Los Angeles | AFT | 3000 | 6/30/02 | 830747 |

| | | | | |
|---|---|---|---|---|
| Los Rios CA Community College (faculty) CA Sacramento | AFT/LRFCT LRFCT | 1950 | 6/30/02 | 800106 |
| Monterey County CA (general unit) CA Monterey | SEIU 817 | 2000 | 6/30/02 | 820635 |
| Oakland (units B-D) CA Oakland | SEIU UPE 790 | 1300 | 6/30/02 | 810655 |
| Sacramento City Unified School District (classified) CA Sacramento | SEIU 790 | 2300 | 6/30/02 | 830764 |
| Sacramento County (law enforcement) CA Sacramento | SCDSA-I | 1250 | 6/30/02 | 820840 |
| Sacramento County (welfare unit) CA Sacramento | UPE PEU 1 | 1300 | 6/30/02 | 811635 |
| San Diego City (blue collar) CA San Diego | AFSCME 127 | 2000 | 6/30/02 | 820236 |
| San Diego City (firefighters) CA San Diego | IAFF 145 | 900 | 6/30/02 | 820237 |
| San Diego City (police) CA San Diego | POA-I | 2000 | 6/30/02 | 820238 |
| San Diego City (white collar) CA San Diego | MEA-I | 4000 | 6/30/02 | 820239 |
| San Diego Unified School District (office) CA San Diego | SEIU CSEA | 1450 | 6/30/02 | 830730 |
| San Diego Unified School District (opns, supt ) CA San Diego | SEIU/CSEA Chpt 724 | 1250 | 6/30/02 | 830755 |
| San Jose Unified School District (teachers) CA San Jose | NEA | 1500 | 6/30/02 | 830745 |
| Stockton Unified School District (classified) CA Stockton | SEIU/CSEA Chpt 318 | 1400 | 6/30/02 | 811290 |
| Sweetwater Union HS District Teachers CA Chula Vista | NEA | 1800 | 6/30/02 | 820836 |
| Vallejo City United School District (teachers) CA Vellejo | NEA | 1100 | 6/30/02 | 840026 |
| West Contra Costa Unified School District (clas) CA Richmond | PEU 1 | 1400 | 6/30/02 | 830832 |
| Berkeley, City of | SEIU | 950 | July 2002 | BNA |
| California, University of (health care profs) CA | CWA UTPE 9119 | 1750 | 8/31/02 | 800266 |
| California, University of (residual health care profes CA | CWA UPTE 9119 | 1000 | 8/31/02 | 800263 |
| Long Beach Unified School Distr (teachers) CA Long Beach | NEA/TALB TALB | 3400 | 8/31/02 | 830835 |
| California, University of (technical unit) CA | CWA UPTE | 4000 | 9/4/02 | 820804 |
| Santa Cruz County CA (general unit) CA Santa Cruz | SEIU 415 | 1600 | 9/13/02 | 820586 |
| Contra Costa County CA (clerical & office) CA Contra Cost | AFSCME/UCTS 2700 | 1500 | 9/30/02 | 820527 |
| Contra Costa County CA (multiunit) CA Contra Cost | CCCEA 1 | 3009 | 9/30/02 | 820528 |
| Long Beach (nonsupervisory) CA Long Beach | IAM Lodge 1930 | 4000 | 9/30/02 | 830830 |
| Los Angeles City Dept of Pwr & Wtr (clerical) CA Los Angeles | IBEW 18 | 1600 | 9/30/02 | 811843 |
| Los Angeles City Dept of Pwr & Wtr (opn, maint, svc) CA Los Angeles | IBEW 18 | 4000 | 9/30/02 | 811846 |
| MTA (mechanics and maintenance) CA Los Angeles | ATU | 2000 | 9/30/02 | 840009 |
| Orange CA Unified Schools (classified) CA Santa Ana | SEIU/CSEA Chpt 37 | 1100 | 9/30/02 | 811858 |
| Orange County CA (peace officers) CA Santa Ana | AOCDS-I | 1300 | 10/17/02 | 800104 |
| San Mateo County (clerical and technical) CA Redwood | SEIU 715 | 1400 | 11/9/02 | 820609 |

| *Employer and Location* | *Union* | *Workers* | *Expiration Date* | *Source: BLS ID or BNA* |
|---|---|---|---|---|
| San Mateo County (general unit) CA Redwood | AFSCME 829 | 1200 | 11/9/02 | 820610 |
| Los Angeles County (firefighters-unit 601) CA Los Angeles | IAFF | 1950 | 12/31/02 | 820220 |
| Shasta County CA (trades & crafts) CA Redding | LIUNA UPE | 1000 | 12/31/02 | 830473 |
| *2003* | | | | |
| Los Angeles County (dep prbtn offcrs-unit 701) CA Los Angeles | AFSCME | 2650 | 1/31/03 | 820152 |
| Los Angeles County (peace officers-unit 611) CA Los Angeles | ALADS-I | 6750 | 1/31/03 | 820297 |
| Los Angeles County (supv peace offcrs-unit 612) CA Los Angeles | IUPA/PPOA PPOA | 1250 | 1/31/03 | 820298 |
| Los Angeles County (child socl wrkrs-unit 723) CA Los Angeles | SEIU 535 | 2650 | 2/28/03 | 820325 |
| Los Angeles County (social workers-unit 711) CA Los Angeles | SEIU 535 | 1150 | 2/28/03 | 800221 |
| San Diego County (deputy sheriffs) CA San Diego | SDCDSA-I | 2000 | 6/26/03 | 820232 |
| Alameda Contra Costa CA Transit Authority (drivers) CA Oakland | ATU 192 | 1500 | 6/30/03 | 840002 |
| California State University (acad supt., Unit 4) CA | AFT | 1500 | 6/30/03 | 830753 |
| Fresno Unified School District (white collar) CA Fresno | SEIU/CSEA Chpt 125 | 3100 | 6/30/03 | 830202 |
| Garden Grove CA Unified School Distr (classified) CA Garden Grv | SEIU CSEA Chp 121 | 2500 | 6/30/03 | 830783 |
| Kern County CA (general unit) CA Kern County | SEIU KCPEU 700 | 5000 | 6/30/03 | 820469 |
| Lodi CA Unified School District (teachers) CA Lodi | NEA LEA | 1200 | 6/30/03 | 830474 |
| Los Angeles City (fire dept.) CA Los Angeles | IAFF 112 | 3000 | 6/30/03 | 811826 |
| Los Angeles City (police officers) CA Los Angeles | LAPPL-I | 7900 | 6/30/03 | 811830 |
| MTA (bus drivers & operators) CA Los Angeles | UTU | 4200 | 6/30/03 | 840003 |
| Newport-Mesa Unified School District (teachers) CA Newport | AFT MFTU | 1000 | 6/30/03 | 800336 |
| Riverside County CA (prof, crafts & b-c) CA Riverside | LIUNA UPE 777 | 2000 | 6/30/03 | 820211 |
| Riverside County CA (supporting services) CA Riverside | SEIU UPEC 1997 | 5200 | 6/30/03 | 820670 |
| Sacamento CN In-House Supportive Services P. Authority CA Sacramento | SEIU 250 | 6350 | 6/30/03 | 800284 |
| Sacramento County (office- technical) CA Sacramento | SCEO-I | 2200 | 6/30/03 | 820795 |
| San Francisco (nurses) CA San Francis | SEIU 790 | 1200 | 6/30/03 | 800430 |
| San Francisco (police) CA San Francis | SEIU/SFPOA 911 | 1800 | 6/30/03 | 800424 |

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|---|---|---|---|---|
| San Francisco (professional & technical) CA San Francis | PTE | 1800 | 6/30/03 | 800429 |
| San Francisco City and County (multiunit) CA San Francis | SEIU 250,535,790 | 10000 | 6/30/03 | 800427 |
| San Francisco Community College District (faculty) CA San Francis | AFT 2121 | 1000 | 6/30/03 | 800105 |
| San Francisco Unified School District (b/c, w/c) CA San Francisco | SEIU 790 | 1000 | 6/30/03 | 820155 |
| San Joaquin County (pararofessionals & tech.) CA Stockton | SEIU 790 | 1050 | 6/30/03 | 820696 |
| San Jose (peace officers) CA San Jose | SJPOA-I | 1200 | 6/30/03 | 811138 |
| Alameda County CA (multidepartment unit) CA Oakland | SEIU 250,535,616 | 6500 | 7/5/03 | 820793 |
| Los Angeles County (bldg, trades-unit 411) CA Los Angeles | BCTC,AFL-CI | 1300 | 8/31/03 | 820222 |
| Los Angeles County (admin & tech-unit 121) CA Los Angeles | SEIU 660 | 3400 | 9/30/03 | 820024 |
| Los Angeles County (artisan & bl collar-unit 431) CA Los Angeles | SEIU 660 | 2050 | 9/30/03 | 820215 |
| Los Angeles County (clerical supvrs-unit 112) CA Los Angeles | SEIU 660 | 1250 | 9/30/03 | 820496 |
| Los Angeles County (cust asst & crrctns-unit 621) CA Los Angeles | PPOA | 1000 | 9/30/03 | 800205 |
| Los Angeles County (custodians-unit 201) CA Los Angeles | SEIU 660 | 950 | 9/30/03 | 820216 |
| Los Angeles County (hlth sci prof-unit 341) CA Los Angeles | SEIU 660 | 1000 | 9/30/03 | 820219 |
| Los Angeles County (Interns & residents-unit 323) CA Los Angeles | JCIR | 1508 | 9/30/03 | 820436 |
| Los Angeles County (office & clerical-unit 111) CA Los Angeles | SEIU 660 | 13550 | 9/30/03 | 820486 |
| Los Angeles County (paramed tech-unit 221) CA Los Angeles | SEIU 660 | 4100 | 9/30/03 | 820175 |
| Los Angeles County (RNs-unit 311) CA Los Angeles | SEIU | 5000 | 9/30/03 | 820218 |
| Los Angeles County (soc svc invstgtrs-unit 731) CA Los Angeles | SEIU 660 | 4600 | 9/30/03 | 820191 |
| Long Beach Unified School Distr (cler & supt) CA Long Beach | SEIU/CSEA Chpt 2 | 1900 | 10/31/03 | 830200 |
| *2004* | | | | |
| Bay Area Rapid Transit (bus drivers & operators) CA San Francisco | ATU Div 1555 | 900 | 6/30/04 | 840089 |
| *2005* | | | | |
| Bay Area Rapid Transit (maint, clerical, & profess) CA San Francisco | SEIU 790 | 1600 | 6/30/05 | 840088 |
| Sacramento, City of (ops & maint, office & tech, prof) CA Sacramento | IUOE 39 | 1700 | 6/30/05 | 810051 |