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Census data show no rise in wages in 2007

Numbers for 2009 incomes expected to be worse

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Workers' incomes stagnated last year, barely outpacing the official level of inflation, according to data released yesterday by the U.S. Census Bureau.

After adjusting for inflation, the median salary throughout the state and nation was lower last year than it was in 2000, economists said.

"2007 was probably as good as it's going to get for a while, and these numbers show it wasn't very good," said Jean Ross, director of the California Budget Project in Sacramento.

Census data show the median household income in San Diego County was \$61,794, compared with \$50,233 for the nation. After adjusting for inflation, the county figure was roughly 0.5 percent higher than in 2006 – a statistically insignificant number, economists say.

"During this entire economic cycle since 2000, working people here in San Diego have not made any significant progress in earnings," said Murtaza Baxamusa, research and policy director of the Center on Policy Initiatives, a local think tank on labor issues. "With inflation much higher in 2008, it's going to be downhill from here. Families are facing a tougher struggle to get by."

San Diego's median income dropped sharply in 2002 after the high-tech boom stalled; rebounded from 2004 through 2006, coinciding with the rise of the housing bubble; but then stalled in 2007 after the real estate market peaked.

Economists say next year's income data are likely to be worse because the current figures reflect only the beginning of the recent layoffs in the construction, real estate and finance industries.

The Census Bureau collected the data between January and December 2007, and people were queried about their income for the previous 12-month period, meaning that some data date back to 2006.

"If you look at the current unemployment rate, you can see things are really sliding, and 2008 is going to be a really rough year," said Los Angeles economist Christopher Thornberg of Beacon Economics.

In inflation-adjusted numbers, California's median household income totaled \$55,734 last year, compared with \$56,638 in 2000, according to the California Budget Project. No reliable figure for 2000 is available at the county level.

"When the 2008 figures are released a year from now, we're likely to see that Californians have even fallen further behind because of the sharp rise of unemployment and inflation and all the other negative things happening in the economy," Ross said.

Kelly Cunningham, an economist with the San Diego Institute for Policy Research, said the sluggish wage growth does not bode well for the county's beleaguered housing market.

"In the early part of this decade, home prices were rising so fast that there was no way our income could keep up, which was one reason for the price bubble," Cunningham said. "Even though home prices have fallen, we have a way to go before they get in alignment with our wages."

In addition, there has been little improvement in the poverty rate, which came to 11.1 percent in San Diego County and 12.5 percent nationwide. Both numbers had statistically insignificant changes from 2006.

The national poverty rate is based on individual incomes that fall below a threshold of \$10,590, a number that is adjusted upward depending on the size of the family. The threshold does not vary from one place to another, so the same figure is used in San Diego and, say, Oklahoma City.

Economists say that since San Diego has a higher cost of living than the national average, the percentage



LAURA EMBRY / Union-Tribune
UCSD groundskeeper Christine Gonzalez repaired sprinklers yesterday. She and her husband want to have children, but worry that their combined income couldn't support a child.

SAN DIEGO COUNTY HOUSEHOLD INCOMES

Not adjusted for inflation
\$150,000 or more

2002 6.3%
2007 12.2%

\$25,000 or less

2002 23.2%
2007 18.5%

SOURCE: Census Bureau,
2002-2007 American Community Surveys

Data analysis by DANIELLE CERVANTES
/ Union-Tribune

of residents who cannot make ends meet is probably higher than the census suggests.

Baxamusa said that to make ends meet in San Diego requires an income of twice the national poverty threshold, amounting to roughly \$21,000 for an individual or \$42,000 for two parents with two dependent children. By that standard, almost 800,000 people in San Diego County face economic hardship, he said. Thirteen percent of San Diego households make less than \$20,000. Thirty-six percent make less than \$45,000.

Yet San Diego continues to generate high-paying jobs. Twelve percent of local households make more than \$150,000 per year, compared with 6.3 percent in 2002, without adjusting for inflation.

One bit of good news from the census is that the number of Americans without health insurance slid from 47 million in 2006 to 45.7 million last year, falling from 15.8 percent of the population to 15.3 percent. Analysts say a reason for the decline is that more people, especially children, are covered by government programs.

The Census Bureau does not provide health insurance data by state or county. The California HealthCare Foundation in Oakland said the state has a lower percentage of employer-sponsored health care and a higher proportion of uninsured than the national average. About 6.6 million people in the state are uninsured, the foundation reported.

Low-wage workers in the county say they are suffering more than ever financially. As the costs of gasoline, food and housing have risen, their wages have stagnated.

Christine and Gabe Gonzalez, both groundskeepers, say they have put off having children indefinitely because their combined income of \$45,000 cannot support a family. They pay \$1,800 a month in rent for a home in Rolando.

"Once the rent check is paid, it's a matter of trying to make ends meet, and lately, we've been sinking further into debt," said Christine Gonzalez, who works at the University of California San Diego. "We've decided it's already too stressful to live month to month, and how could we do that having children?"

The couple have resorted to using credit cards for basic needs and emergencies, racking up \$10,000 in debt.


"We enjoy simple things, and I don't go out and get my hair cut or buy clothes," Gonzalez added. "Thank goodness we have uniforms so I don't have to buy an outfit."

Darlene Roby, a San Diego County home health worker, often visits the local food bank to avoid going hungry. Her hourly wage of \$9.50 is barely enough to pay for shelter. She pays a friend \$400 a month to stay at her Spring Valley house, where Roby sleeps on a couch. Before that, she and a friend rented a motel room for \$282 a week.

"I've never been in this situation before," Roby said. "I was a welfare mom years ago and got myself off welfare, but even on welfare I wasn't this low. I'm 51 years old, and life ain't supposed to be like this. In San Diego, the cost of living has gone up, but our wages don't go up. In six years, I have not had a raise."

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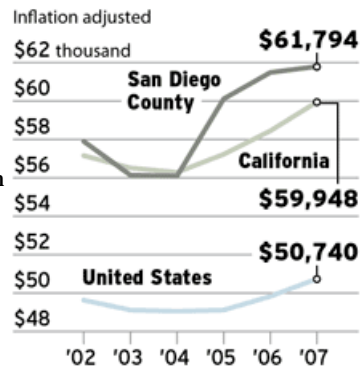
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MEDIAN HOUSEHOLD INCOME



SOURCE: Census Bureau, 2002-2007 American Community Surveys

Data analysis by DANIELLE CERVANTES / Union-Tribune