

UC Berkeley

Recent Work

Title

TESTIMONY: Economic Status of California's Labor Market

Permalink

<https://escholarship.org/uc/item/5qj912h2>

Author

Lopezlira, Enrique

Publication Date

2026-03-11

Copyright Information

This work is made available under the terms of a Creative Commons Attribution License, available at <https://creativecommons.org/licenses/by/4.0/>

Economic Status of California's Labor Market

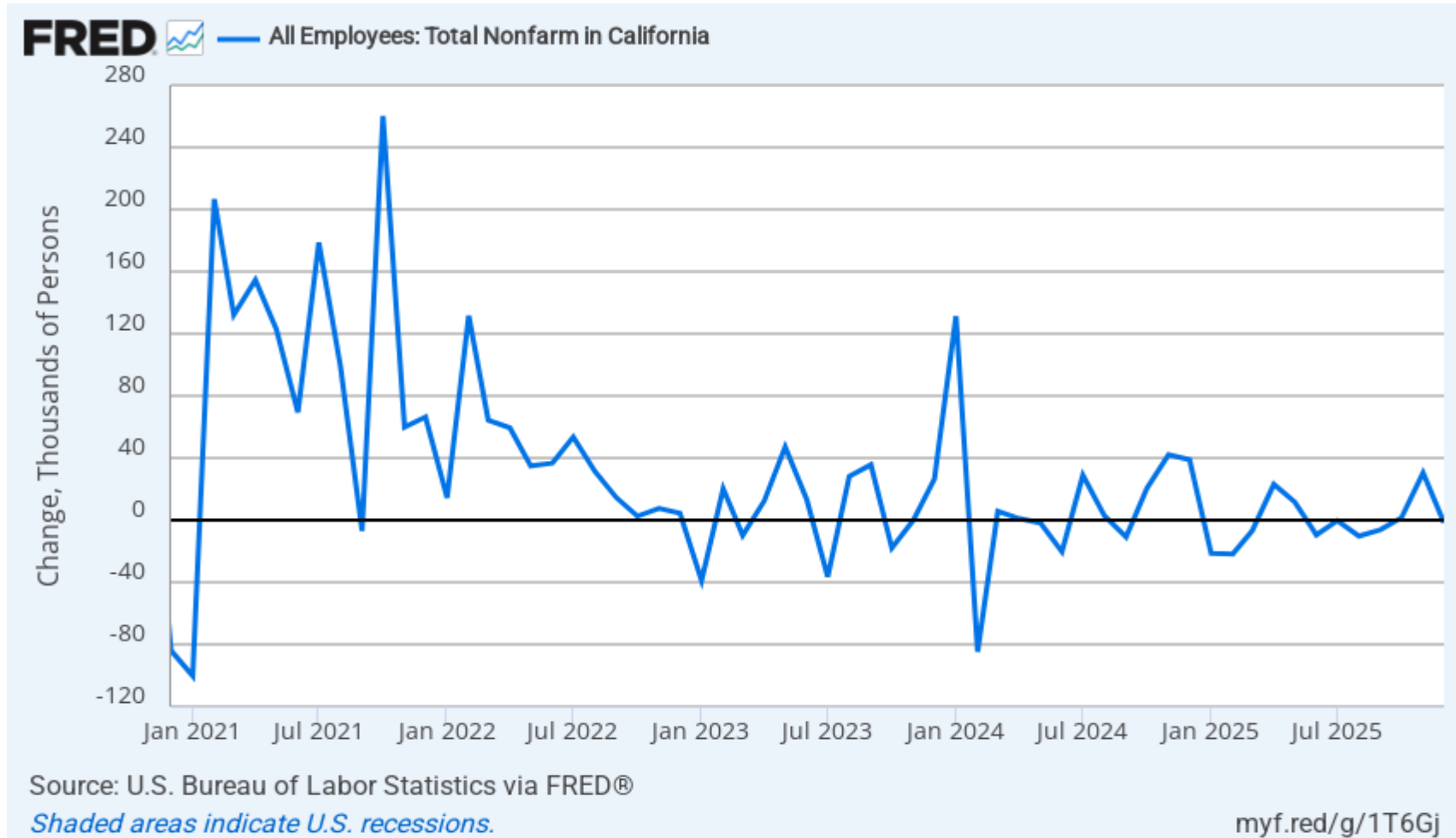
Senate Committee on Labor, Public Employment and Retirement

Enrique Lopezlira, Ph.D.

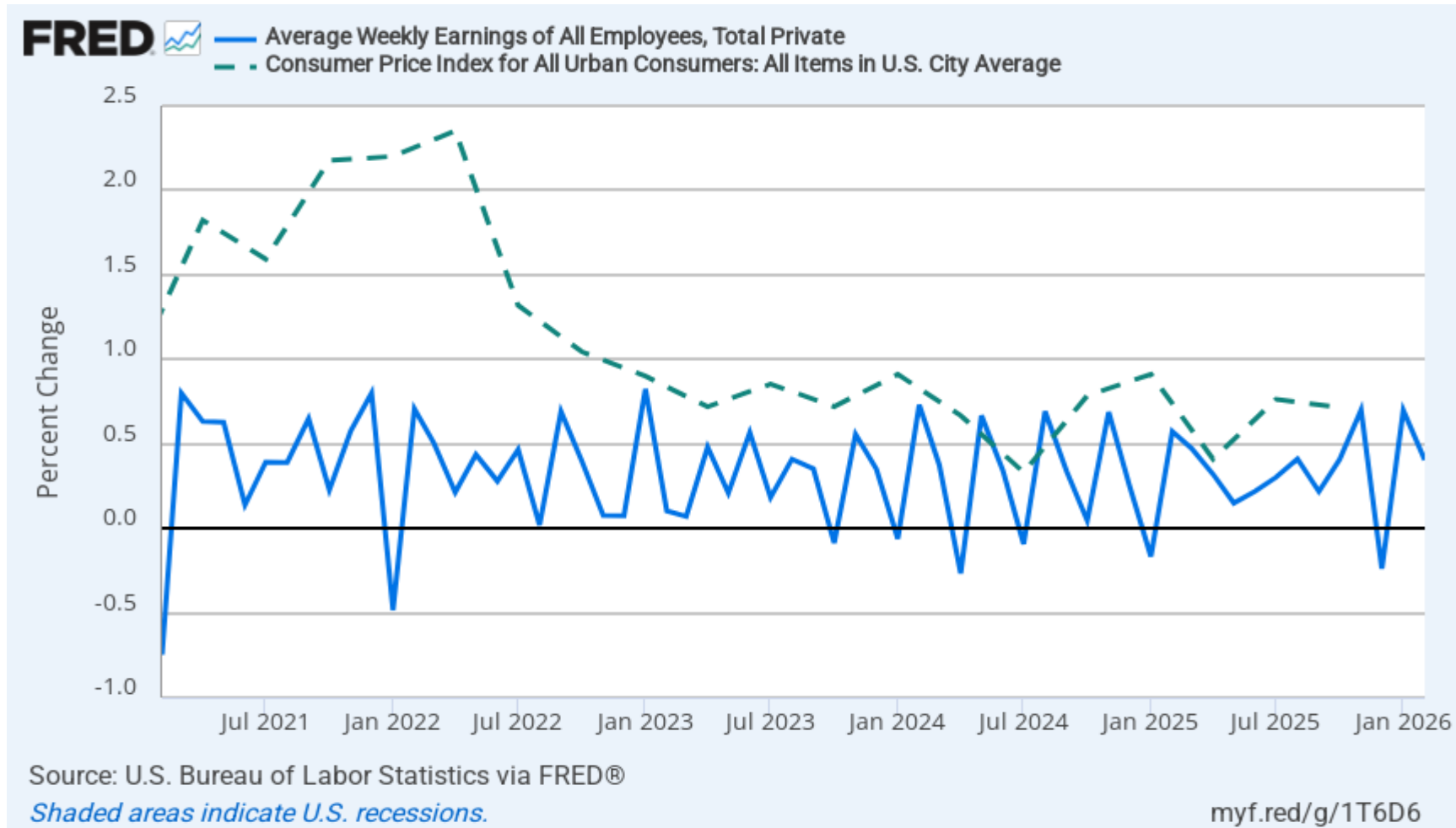
UC Berkeley Labor Center

March 11, 2026

Weak job market

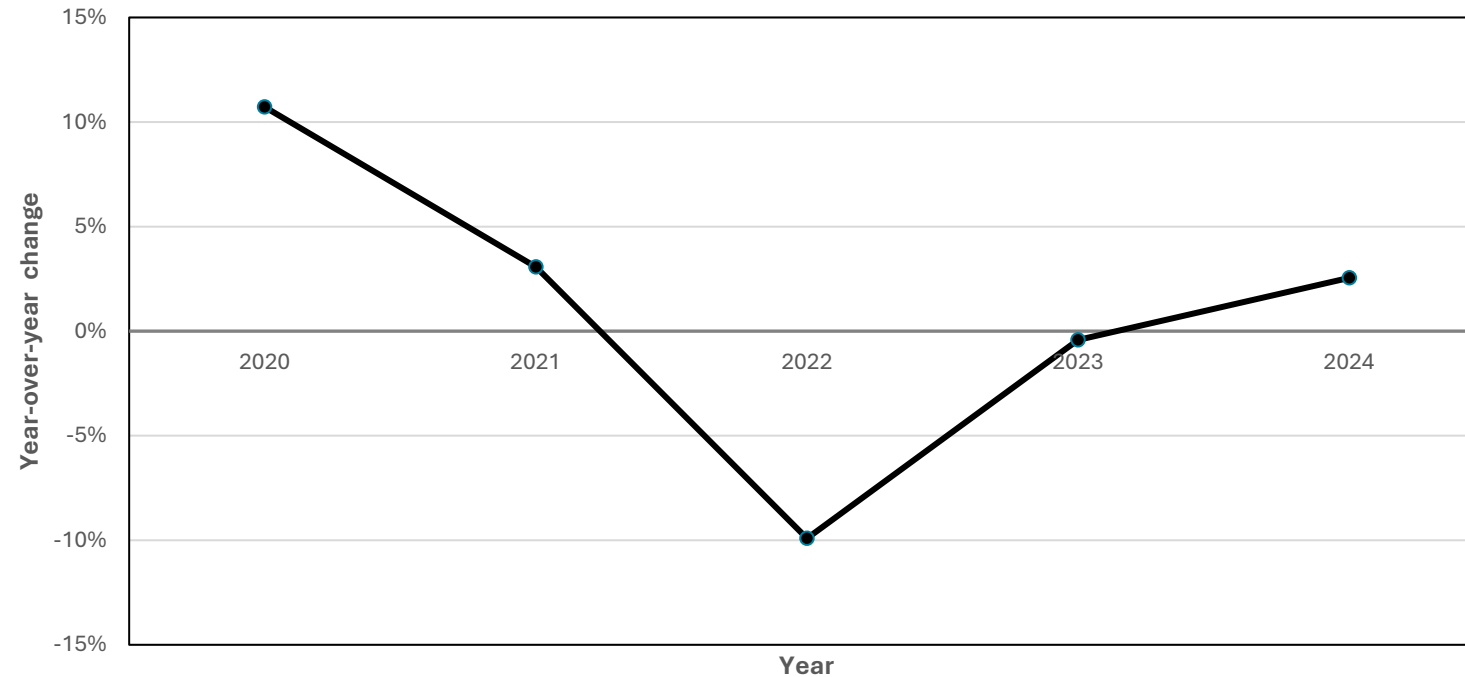


US paychecks not keeping up with inflation



California paychecks not keeping up with inflation

Real Weekly Earnings Growth in California
(Private Sector)



Source: Quarterly Census of Employment and Wages (QCEW); CPI-W for California; UC Berkeley Labor Center calculations.

Low-wage workers make up a large share of the workforce

- Around 1 out of every 3 (35.2%) California workers is paid a low wage
- 35.2% of California workers earned less than \$19.69 in 2022
- That's about 5.6 million low-wage workers in 2022

Low-wage workers are paid about \$10 less than the median worker

Bars show the median hourly wage of low-wage workers and all workers.

Median hourly wage of low-wage workers

\$15.89

Median hourly wage of all workers

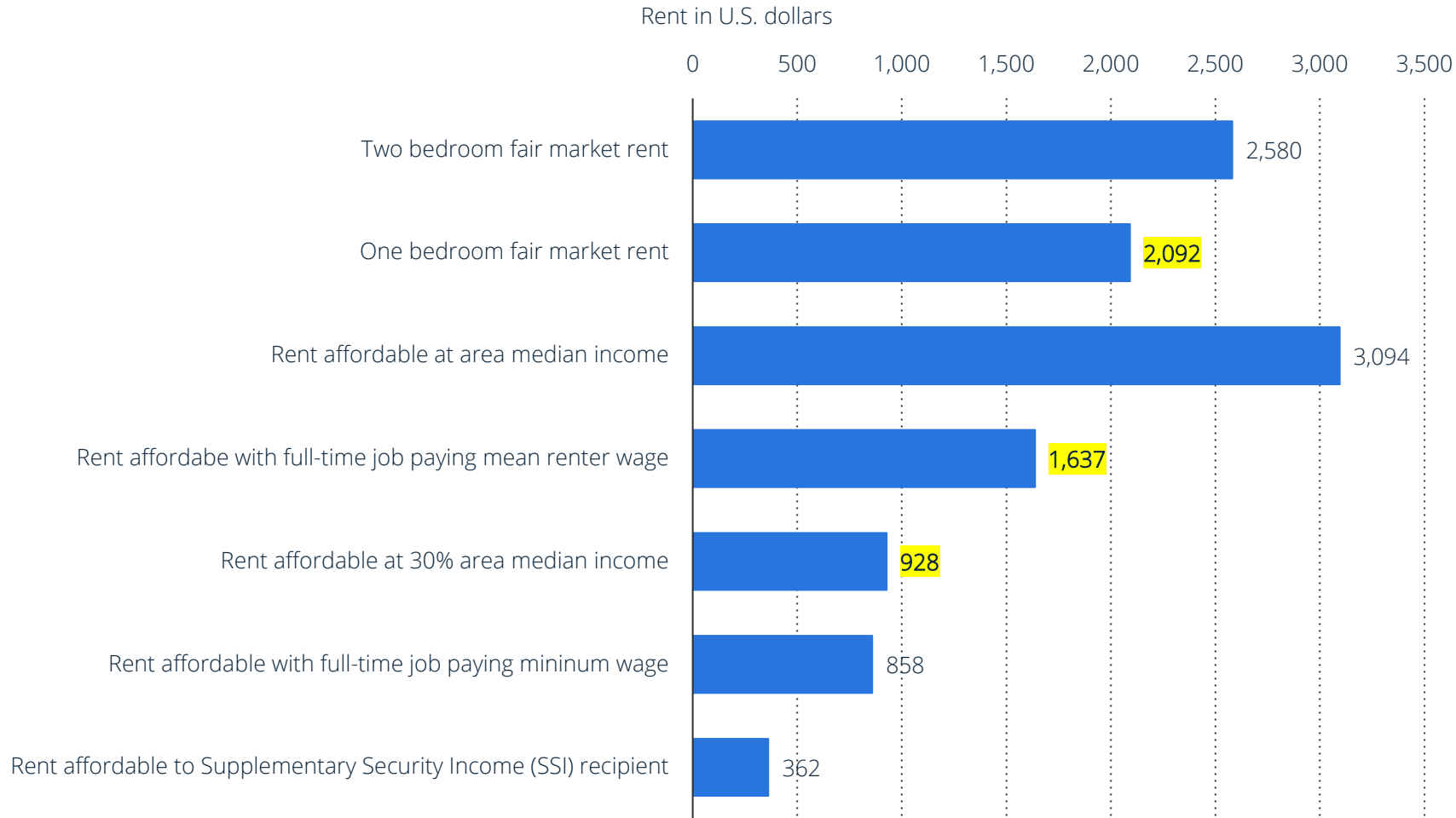
\$26.09

In 2022, the value of the low-wage threshold is \$19.69, and the state minimum wage is \$15. The sample includes workers who live in California, were employed last week but not self-employed, ages 16+, and with non-zero earnings last week.

Chart: UC Berkeley Labor Center • Source: EPI Current Population Survey Outgoing Rotation Group 2022 • Get the data • Created with Datawrapper

Monthly rent affordable for households of selected income types in California, United States in 2025 (in U.S. dollars)

Average rent affordable for different income type households in California, U.S. 2025

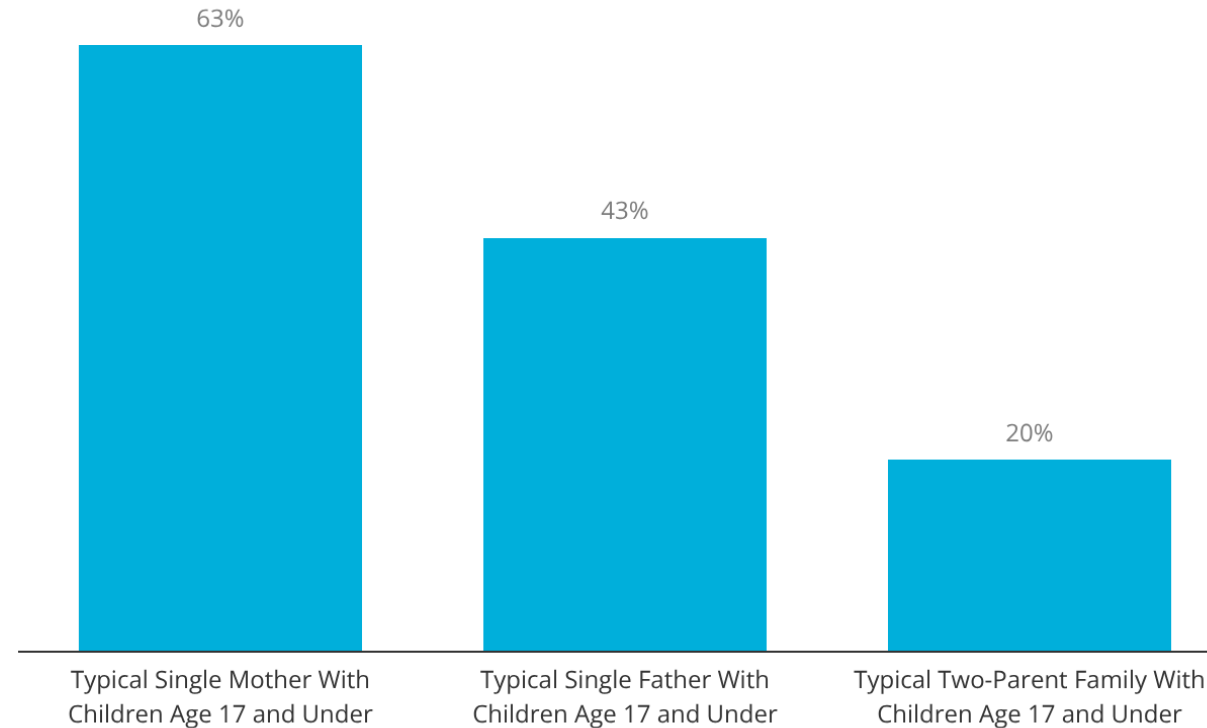


Note(s): United States (California); 2025
Source(s): NLIHC; [ID 1255166](#)

statista

The Cost of Child Care in California Is a Large Share of Family Budgets, Especially for Single-Parent Families

Child care costs for an infant and a school-age child as a share of annual family income, 2024



Note: Cost of care is for a licensed center in California in 2021 (full-time for an infant and prorated according to the school year for a school-age child) adjusted for inflation to reflect 2024 dollars. Costs are based on counties' median cost of care weighted to reflect each county's population of infants and school-age children.

Source: Budget Center analysis of data from the California Department of Social Services, 2021 Regional Market Rate Survey and US Census Bureau



Job impacts of \$20 billion cut in federal Medi-Cal funding

Estimated economic impacts in California if federal Medi-Cal spending is cut by \$20 billion per year, 2026

Type of effect	Lost Jobs	Reduced Economic Output	Reduced State and Local Tax Revenue
Direct	134,400	\$18,696,890,000	\$621,900,000
Indirect	33,400	\$7,540,514,000	\$313,330,000
Induced	49,600	\$10,742,220,000	\$785,218,000
Total	217,400	\$36,979,624,000	\$1,720,448,000

Source: UC Berkeley Labor Center analysis using IMPLAN

Note: Given the phase in of changes in HR1, actual employment impacts phased in over several years

- “Lost Jobs” reflects the elimination of some jobs that exist today, as well as the creation of fewer new jobs due to slower-than-expected job growth
- Too early to predict which parts of the health care system are most affected

HR-1 cuts to SNAP

- Almost 1 in 7 people in California rely on SNAP (5.5 million or 13.9%). Labor Center Public Cost model over the years has shown low-wage workers are enrolled in SNAP at greater rates (e.g. Health Care, Construction, Early Childhood Educators, Fast Food)
- \$186 Billion in cuts in 10 years.
- Bill will decrease enrollment for low income families and vulnerable populations through new administrative barriers: changes in eligibility requirements, changes in work requirements, and cost shifting of administrative and benefit costs to the states.
- 5-year freeze to Thrifty Food Plan and eliminated exemptions will decrease purchasing power of SNAP increasing hardship for families, farmers, and the local economy.

California depends on immigrants

- California is home to more immigrants than any other state in the country
 - About 10.6 million immigrants live and work in the state, more than one in every four (27%) Californians
- Immigrants disproportionately contribute to California's economy
 - The immigrant share of state GDP is 32% – over \$1 trillion of economic output annually
 - Undocumented immigrants alone generate about 5% to California's GDP. It's 9% when accounting for the ripple effects of their labor, such as purchasing power, across the economy. They also pay about \$8.5 billion in annual tax revenue for state and local budgets
- Immigrants are an essential and growing part of the California labor force
 - 33% of the state's workers and 40% of its business owners are immigrants, a share that has in each case grown since 2000
- Contributions will become even more important as California's population ages.
 - Without immigrants, California's labor force would have decreased since 1994

Thank you

elopezlira@berkeley.edu