

California incomes rose 2.5% in 2010

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California's incomes rose 2.5 percent in 2010, a year after the state's first year-to-year decline in personal income since [World War II](#), the federal [Bureau of Economic Analysis](#) reported Wednesday.

The bureau said 2010 income statewide was more than \$1.6 trillion, up from 2009's \$1.56 trillion and a return to 2008 levels.

In dollars, that penciled out to a rise of nearly \$38.8 billion over 2009. While any growth is welcome, [California's](#) recovery continues to lag the nation's.

Personal income nationwide rose 3 percent to \$12.5 trillion, according to the bureau.

Still, some economists say the positive numbers show that the [Golden State's](#) economy is very slowly beginning to regain its luster.

"It's a good sign that things are heading in the right direction," said [Amar Mann](#), regional economist at the [U.S. Bureau of Labor Statistics](#). "The numbers show that in terms of wages there was a recovery in the state."

Wages and salaries in the state increased nearly 2 percent in 2010, while per [capita income](#) was up closer to 3 percent, he said.

Job and wage growth began to pick up speed in the fourth quarter of 2010.

"It's a sign of recovery, albeit slow," said economist [Jeff Michael](#), director of the [Business Forecast Center](#) at [University](#) of the [Pacific](#) in [Stockton](#). He noted that the construction and financial sectors continue to lag.

Professional and business services and temporary employment were among the leaders in wage gains, according to the state's Department of Finance.

The technology and health care sectors also continued to be strong performers in 2010, said [Amelya Stevenson](#), president of the [Sacramento Area Human Resource Association](#).

She also suggested that retention concerns played a role late in the year as companies sought to keep their most valued employees.

"These monetary increases may be a way for employers who can afford it to keep their strong performers long term," Stevenson said.

The state's [unemployment](#) rate was up, but "those who were lucky enough to have and hold a job in 2010 actually benefited," Mann said. "Folks who were working in 2010 were better off than in 2009."

Other factors also contributed to the 2010 personal income increase, including a strong year on [Wall Street](#), Mann said.

In a sobering reminder of the tough economic times, the percentage of income received from [unemployment insurance](#), and federal and state grants and loans for students also increased, as the state's jobless rate climbed above 12 percent and more people returned to school to train for new jobs.

UOP economist Michael cautioned against making too much of Wednesday's income report.

"It's not a strong figure. Roughly, it's 2008 and 2008 was a recession year," he said. Factoring in inflation and population growth, "2.5 percent is not getting ahead in 2010. It's a step toward growth."

Michael expects the rate of personal income growth to reach as much as 5 percent by 2012, but that would still be below pre-recession levels, he said, adding that California's economy faces ongoing challenges to recovery.

"Government deficits, a depressed housing market – it's a recipe for slow growth," he said.

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