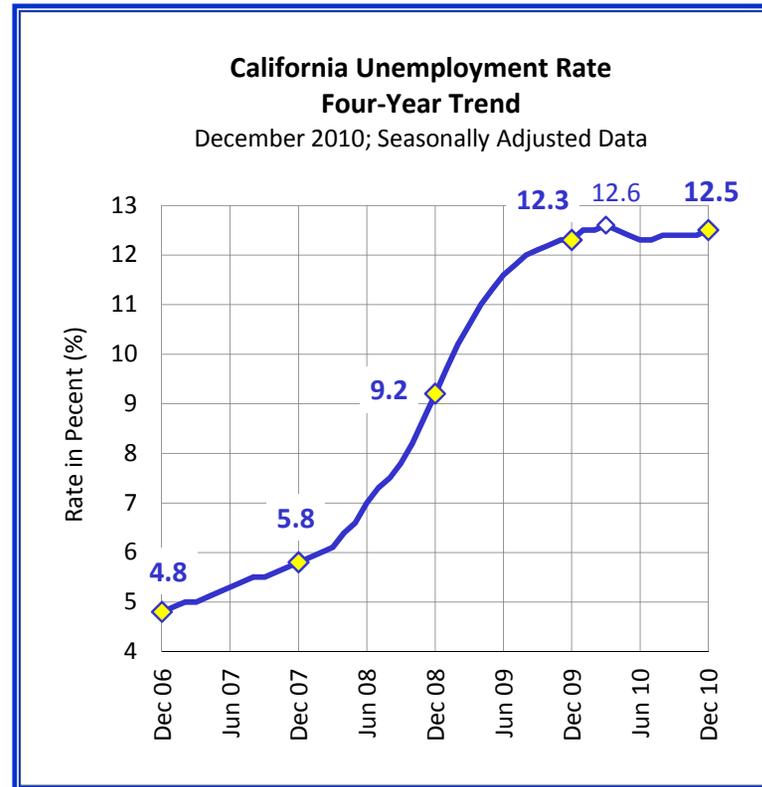
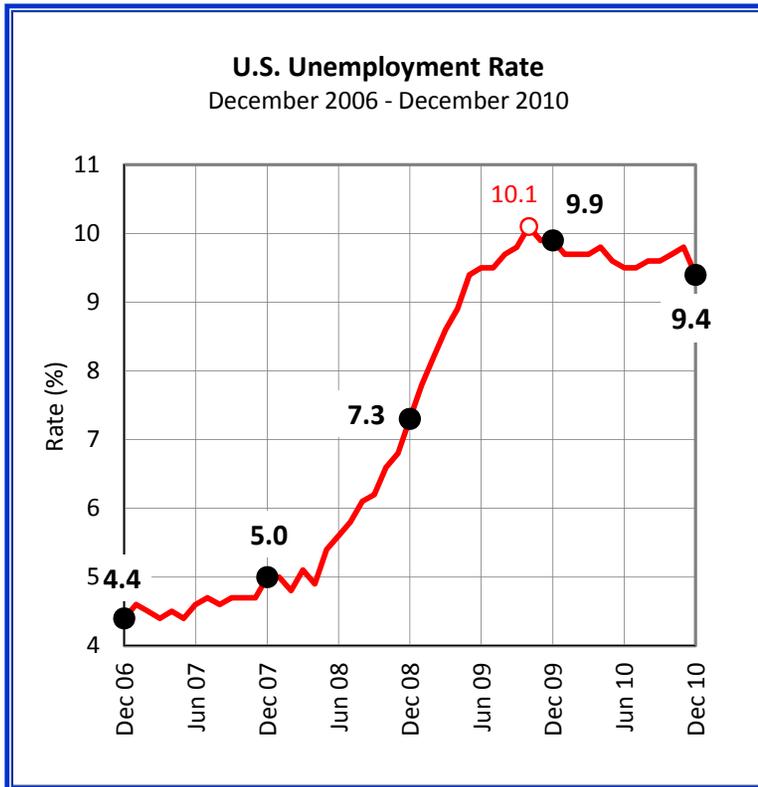


Economic Update

**LMID Advisory Group Meeting
January 27, 2011**

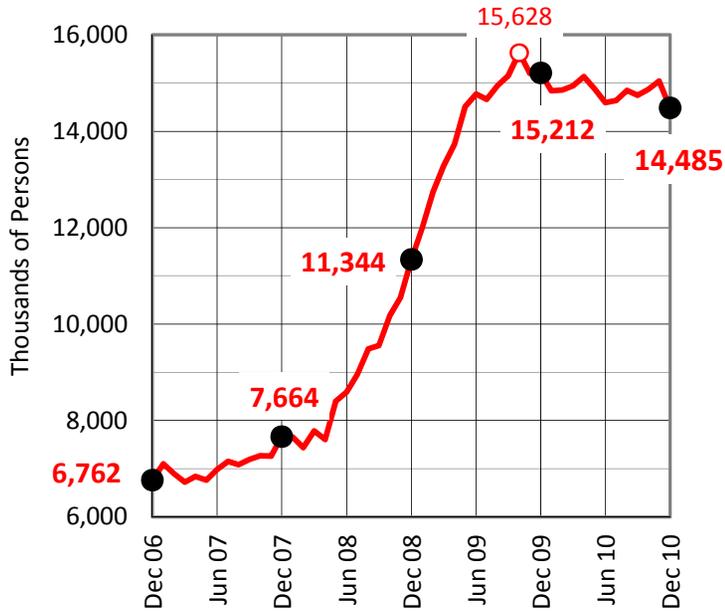
THE ECONOMY

- Although most economic indicators show that the U.S. and California economies are now expanding, labor market conditions are only slowly improving.

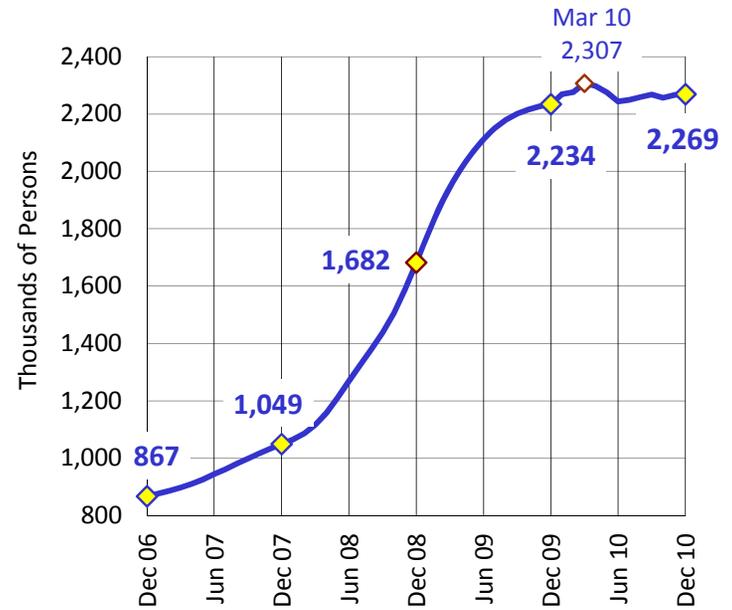


CIVILIAN UNEMPLOYMENT

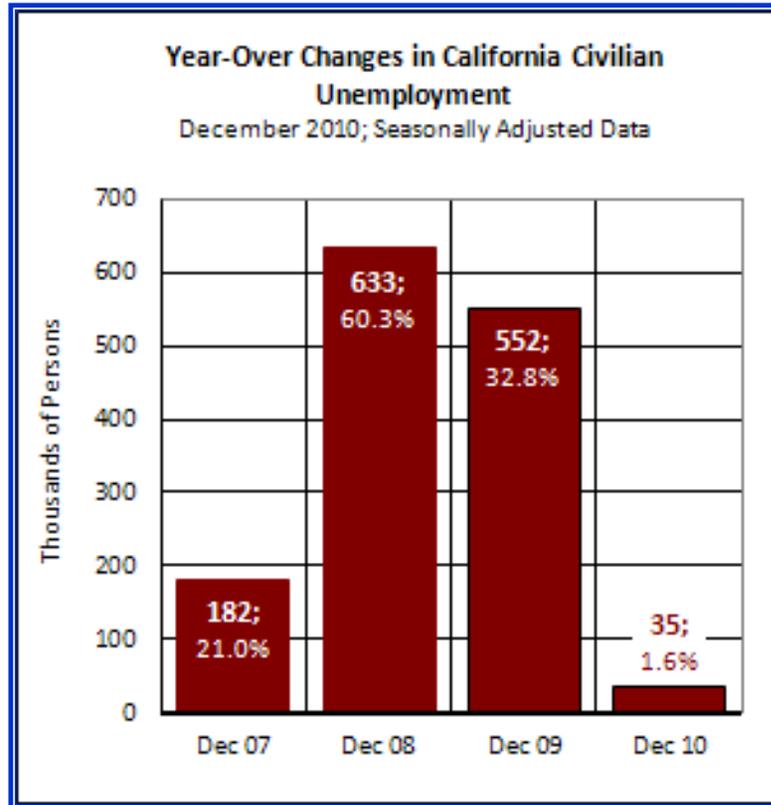
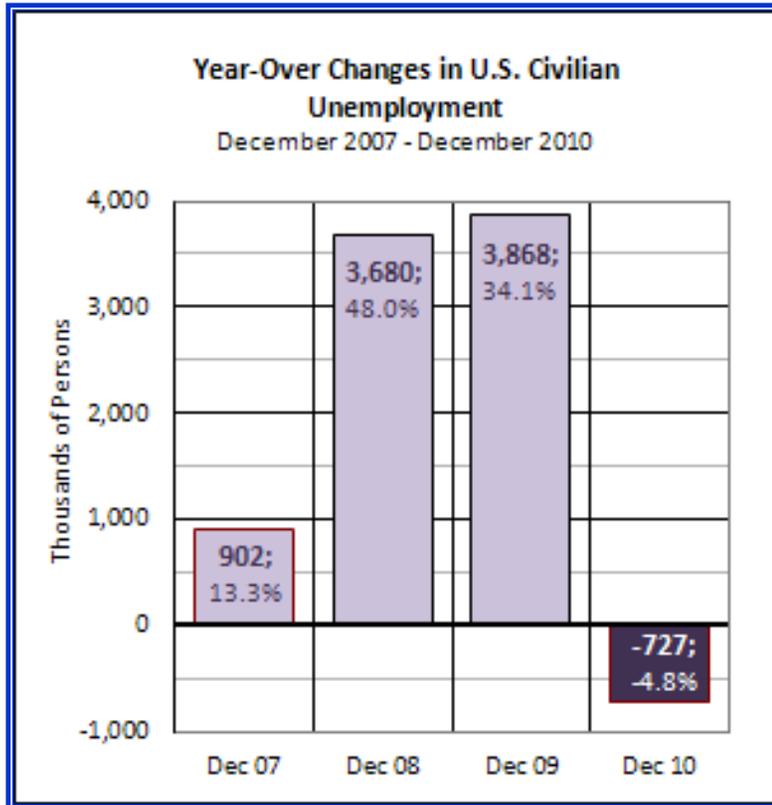
U.S. Civilian Unemployment
December 2006 - November 2010



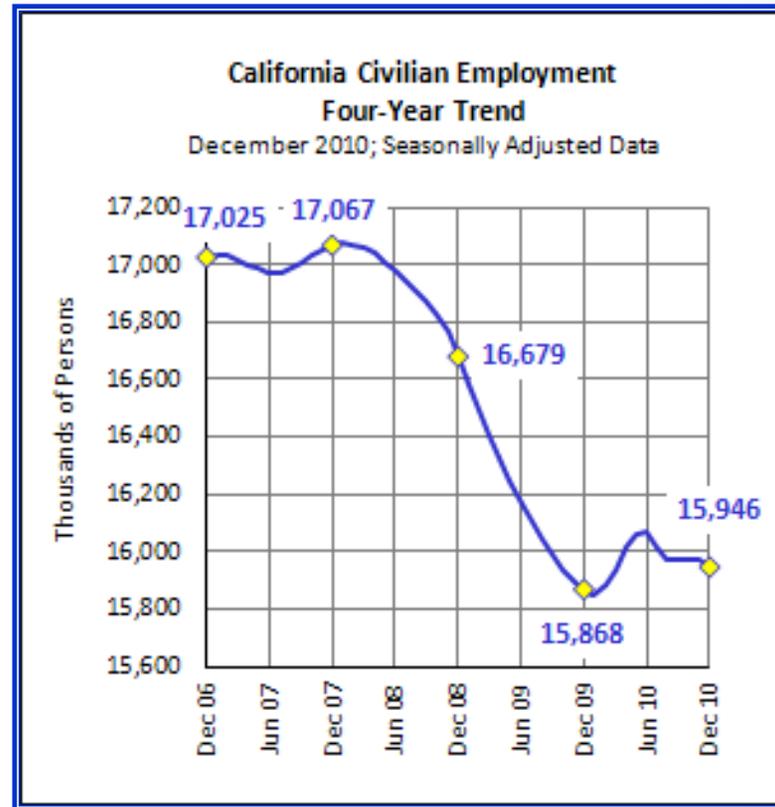
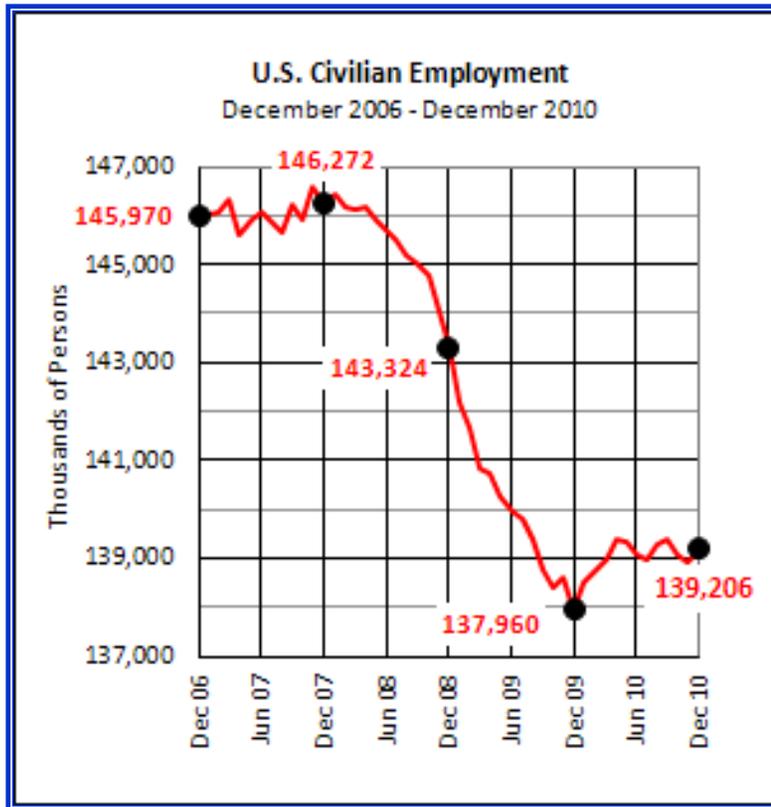
California Civilian Unemployment
Four-Year Trend
December 2010; Seasonally Adjusted Data



CIVILIAN UNEMPLOYMENT: YEAR-OVER CHANGES

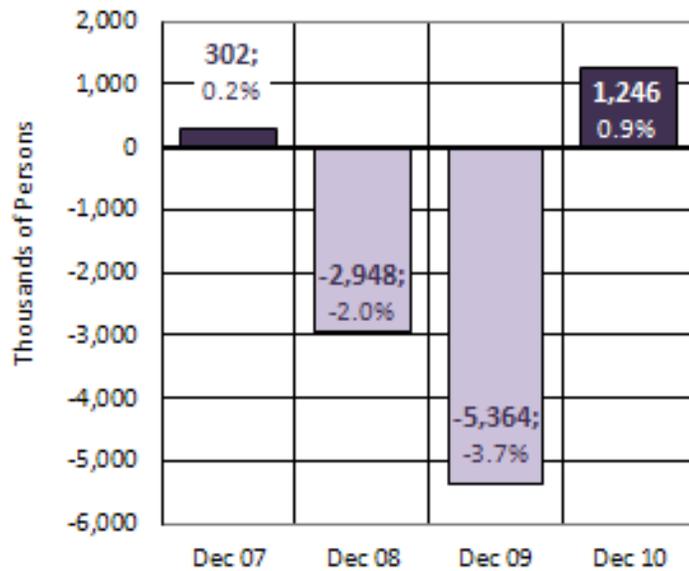


CIVILIAN EMPLOYMENT

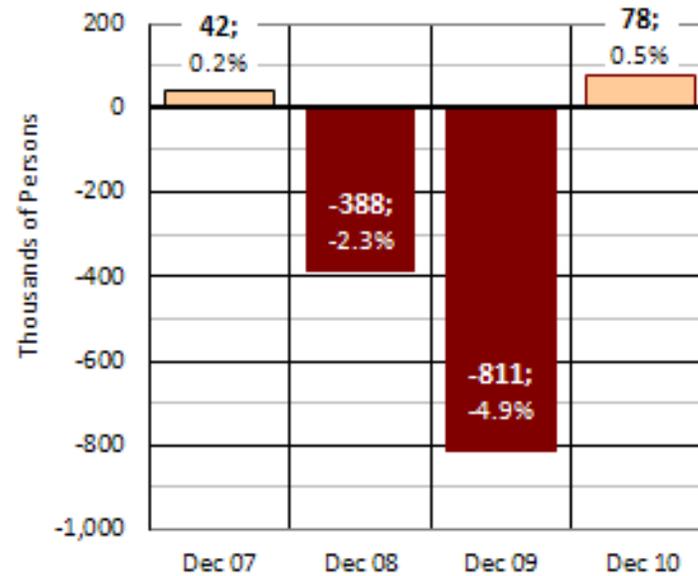


CIVILIAN EMPLOYMENT: YEAR-OVER CHANGES

Year-Over Changes in U.S. Civilian Employment
December 2007 - December 2010

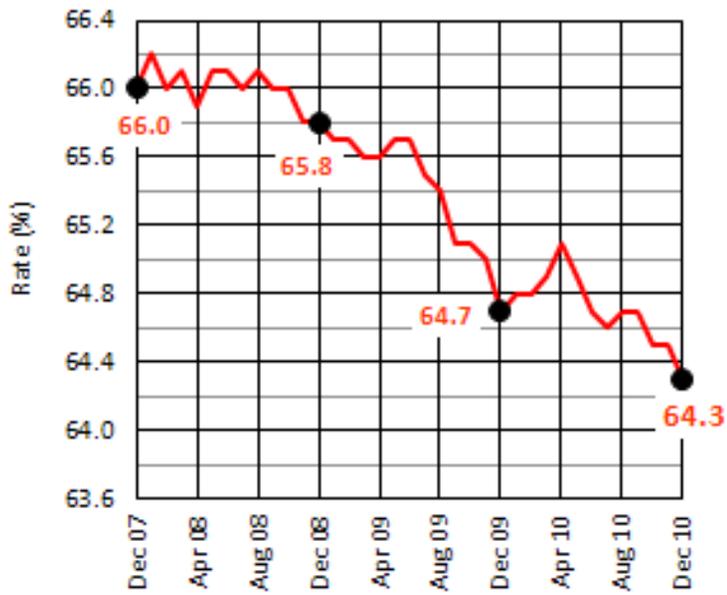


Year-Over Changes in California Civilian Employment
December 2010; Seasonally Adjusted Data

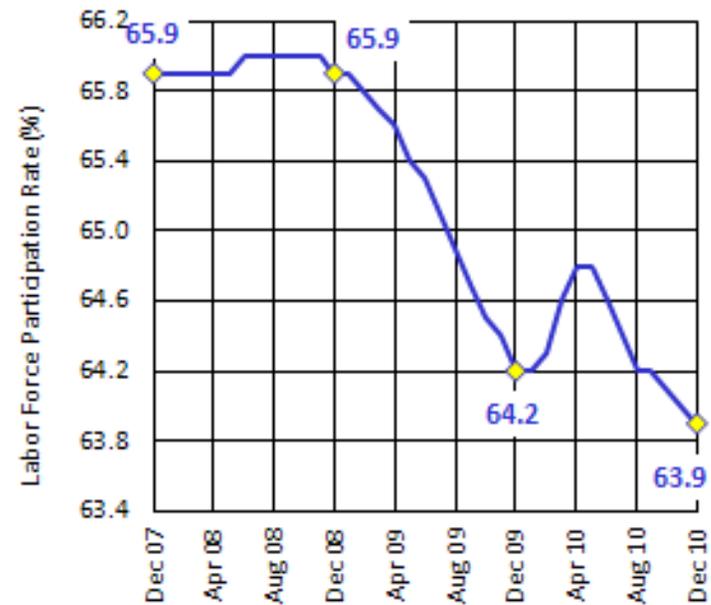


LABOR FORCE PARTICIPATION

**U.S. Labor Force Participation Rate:
Three-Year Trend**
December 2010; Seasonally Adjusted Data



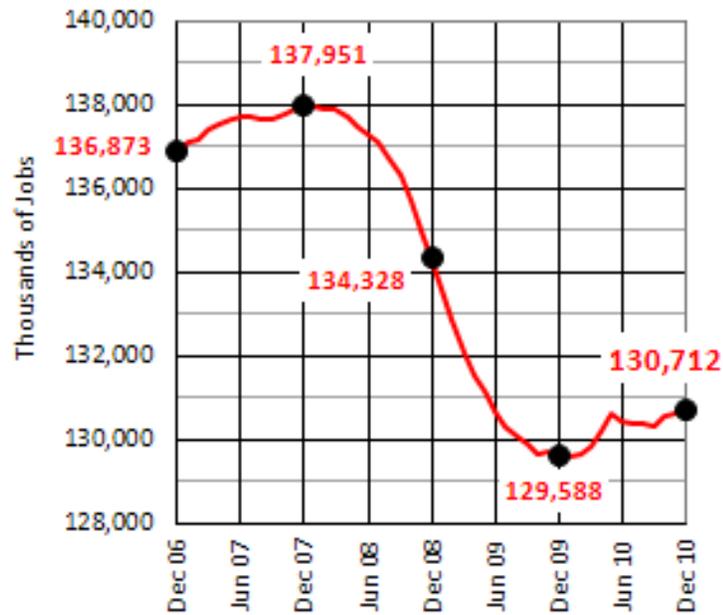
**California Labor Force Participation Rate
December 2007 - December 2010**
Seasonally Adjusted Data



NONFARM PAYROLLS

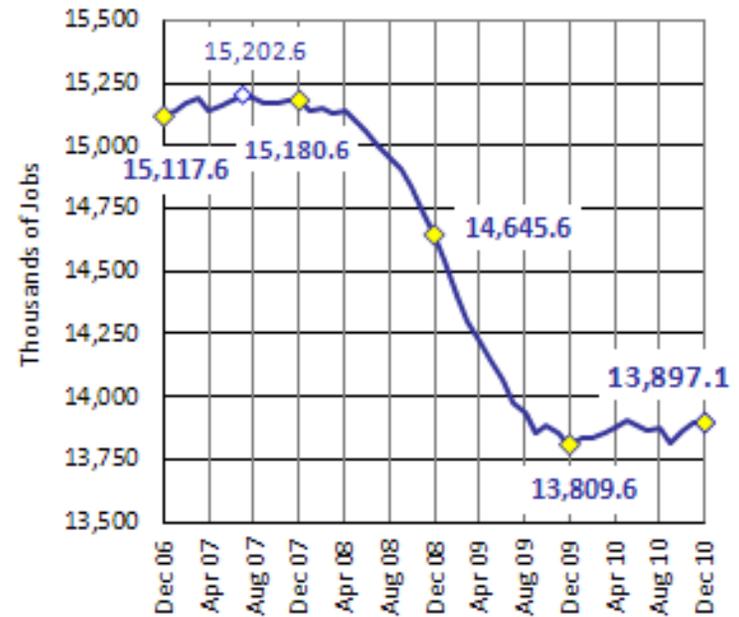
U.S. Total Nonfarm Employment

December 2006 - December 2010

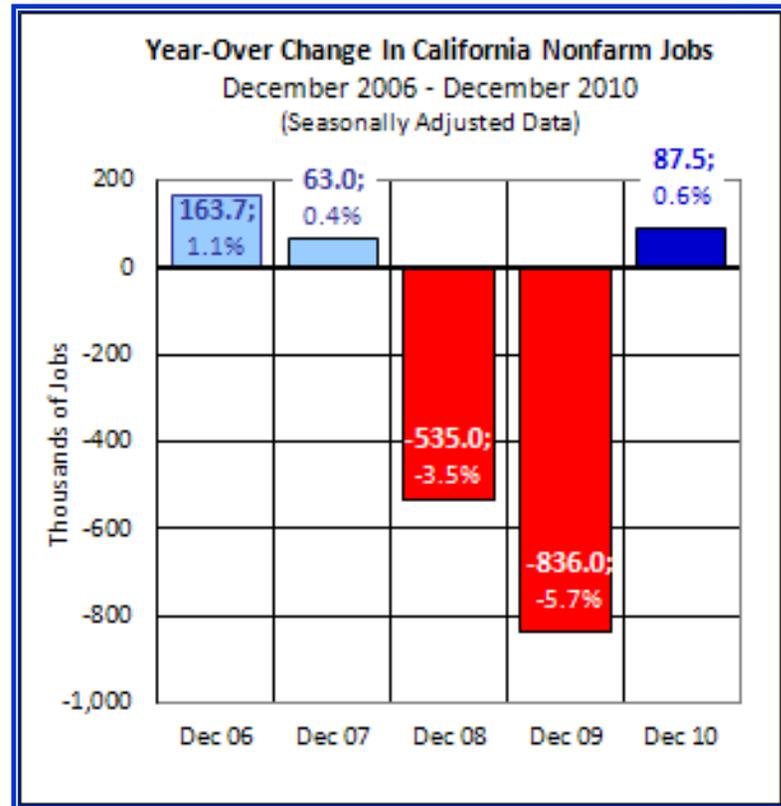
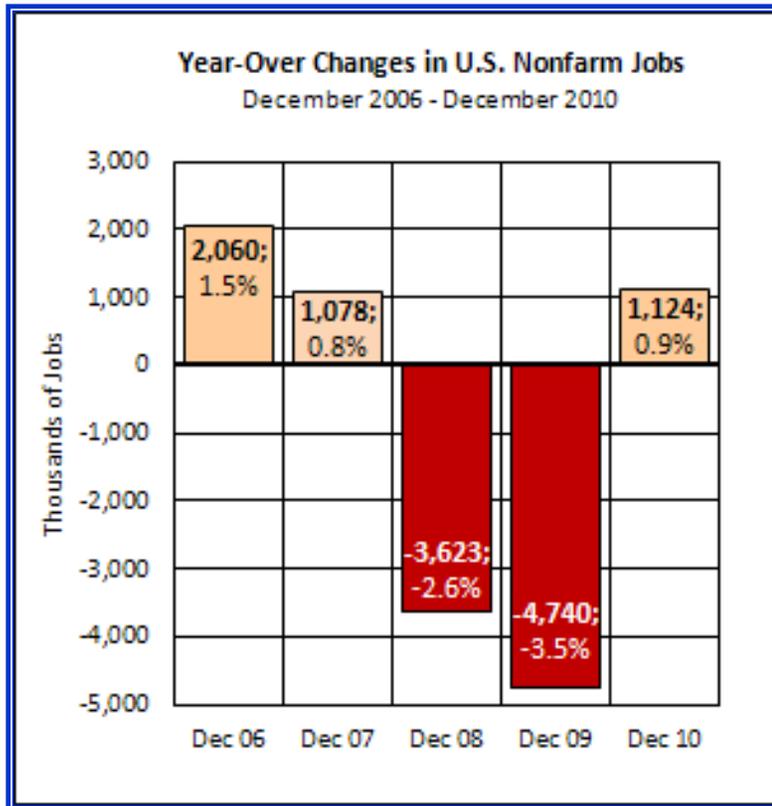


California Nonfarm Jobs: Four-Year Trend

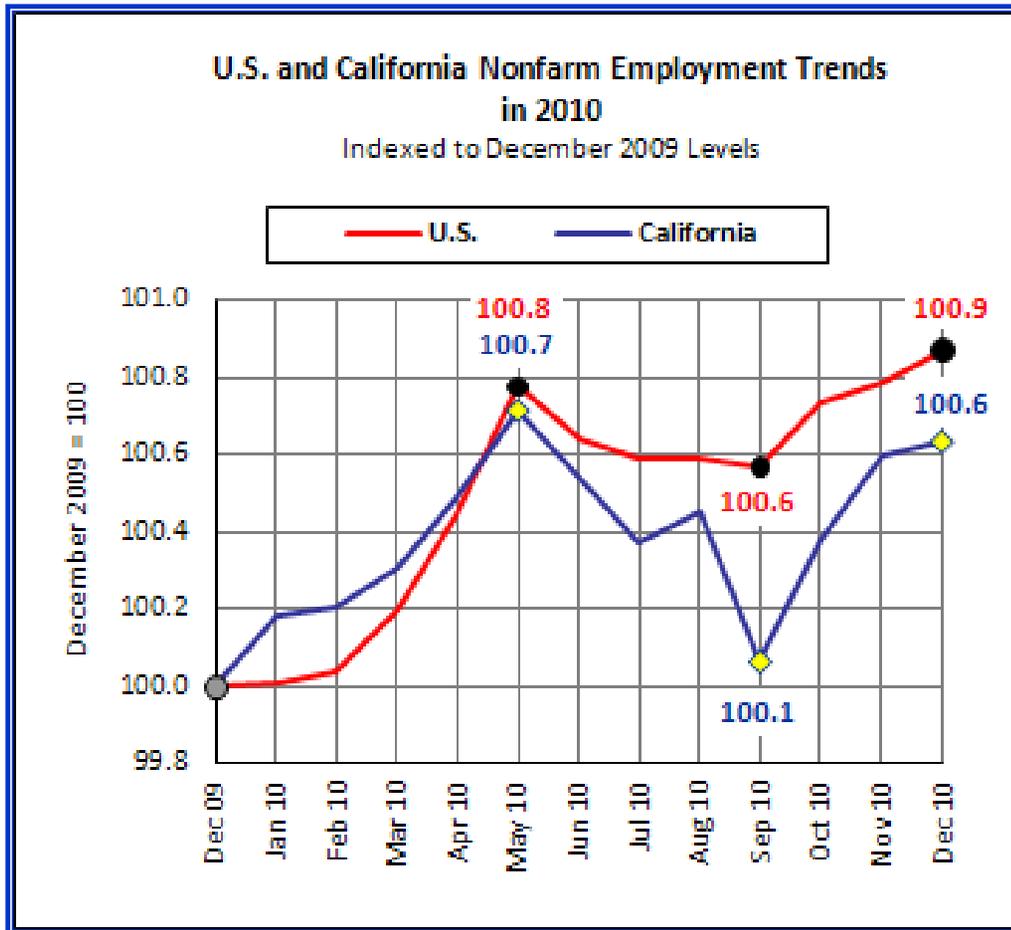
December 2010; Seasonally Adjusted Data



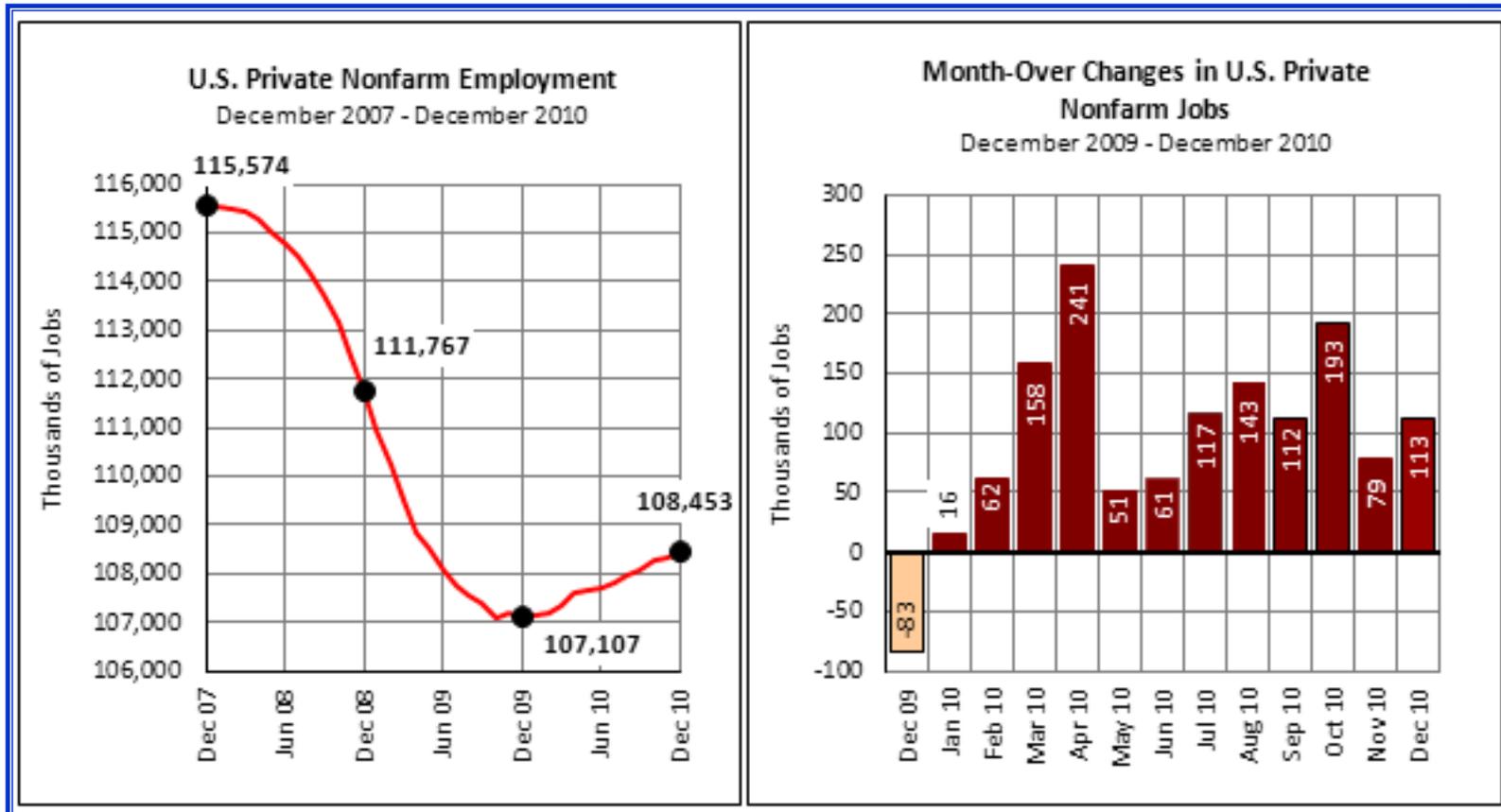
NONFARM PAYROLLS: YEAR-OVER CHANGES



NONFARM JOB GROWTH IN 2010: U.S. VS. CALIFORNIA



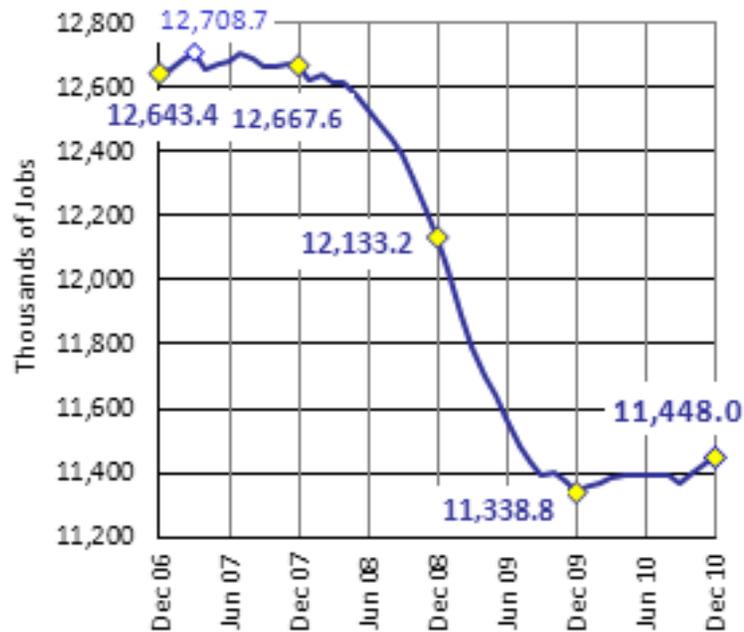
U.S. PRIVATE NONFARM PAYROLLS



CALIFORNIA PRIVATE NONFARM PAYROLLS

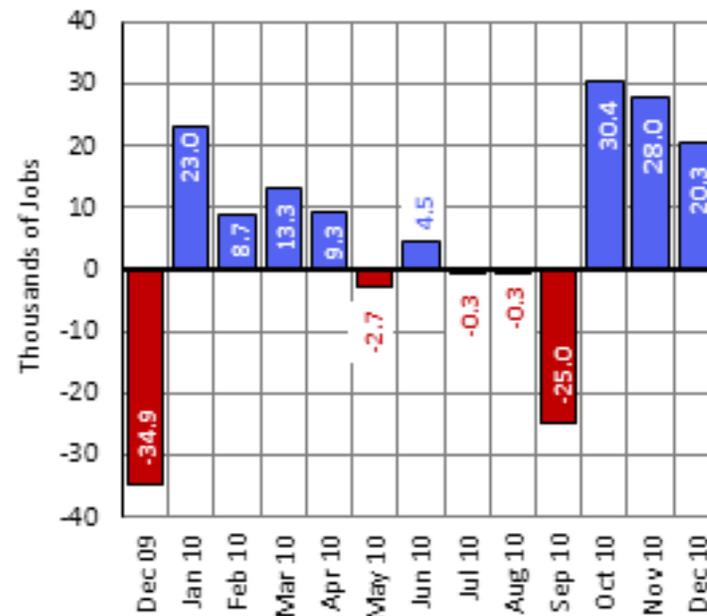
**California Private Nonfarm Jobs:
Four-Year Trend**

December 2010; Seasonally Adjusted Data

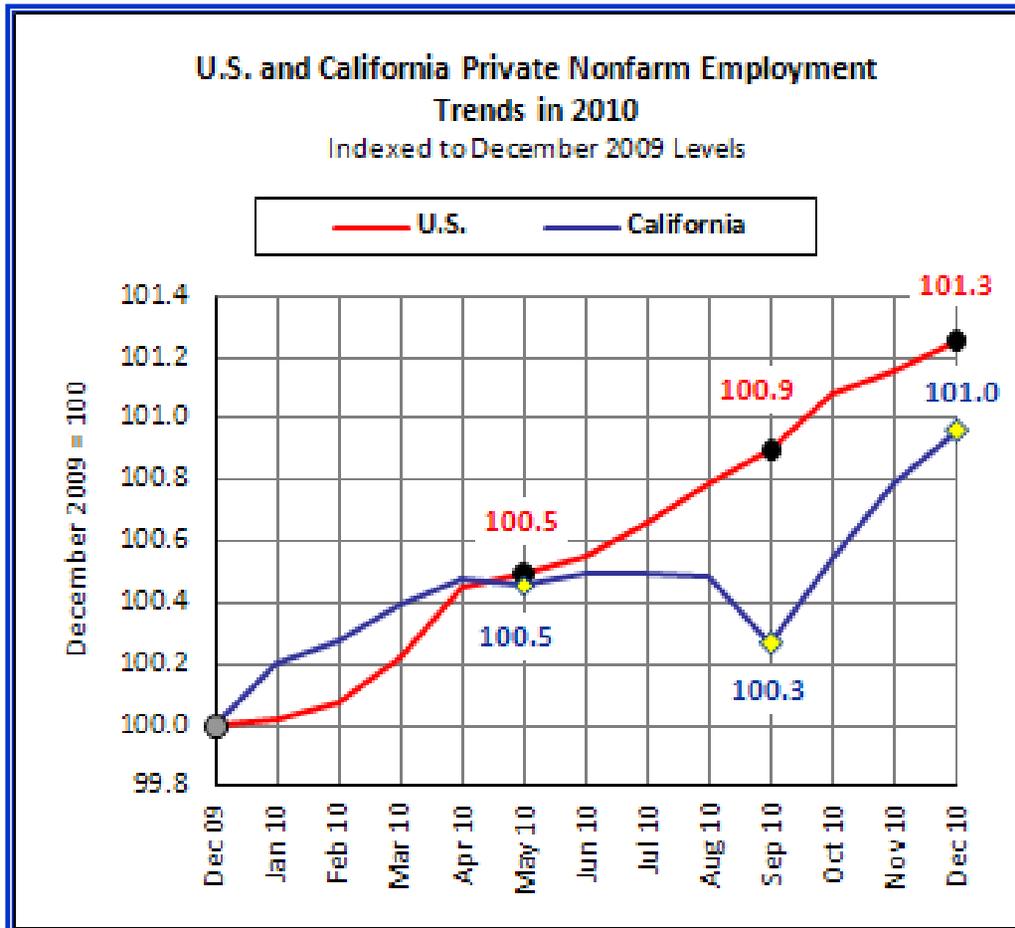


**Month-Over Changes in California
Nonfarm Private Sector Jobs**

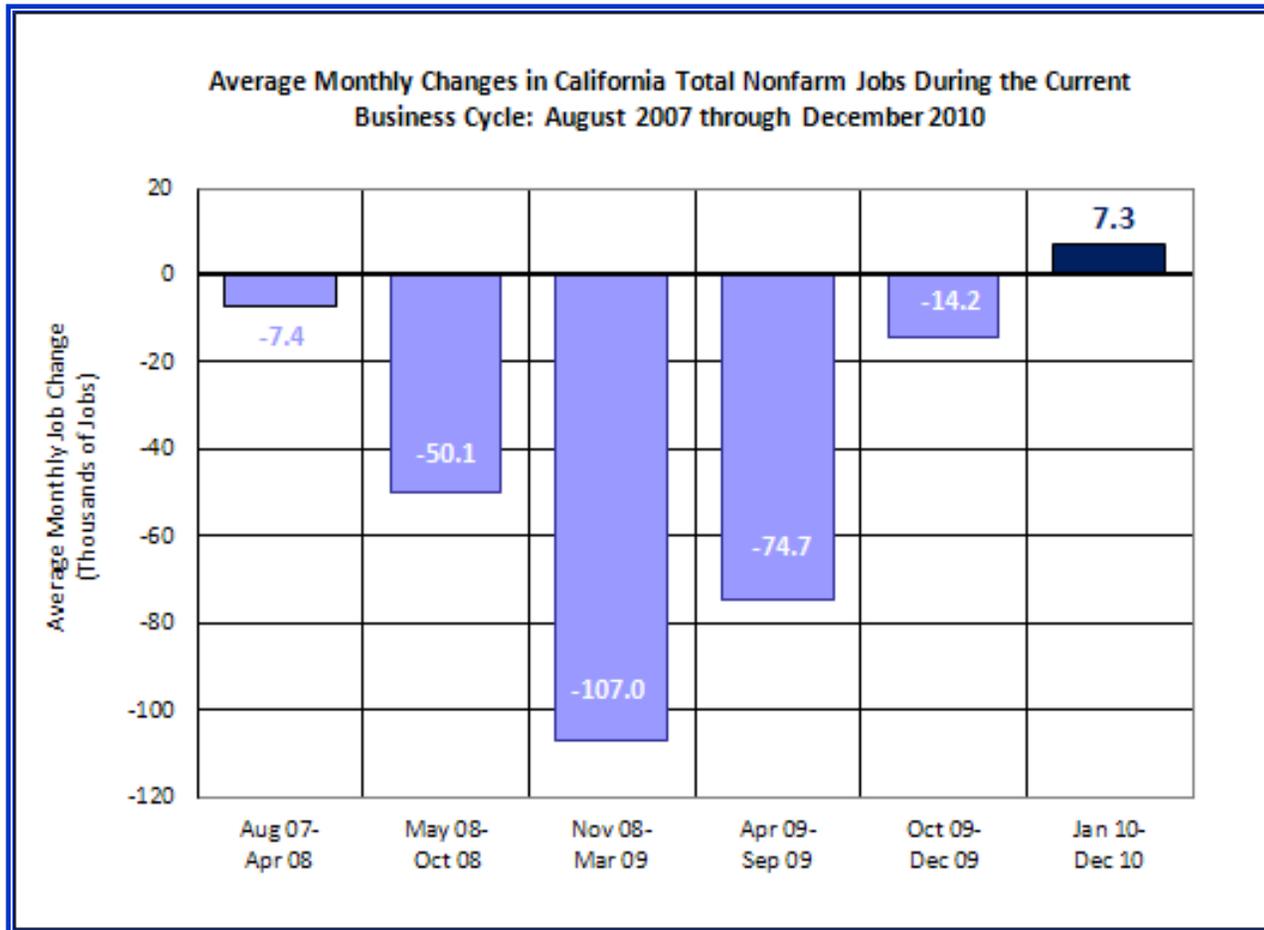
December 2010; Seasonally Adjusted Data



PRIVATE NONFARM JOB GROWTH IN 2010: U.S. VS. CALIFORNIA

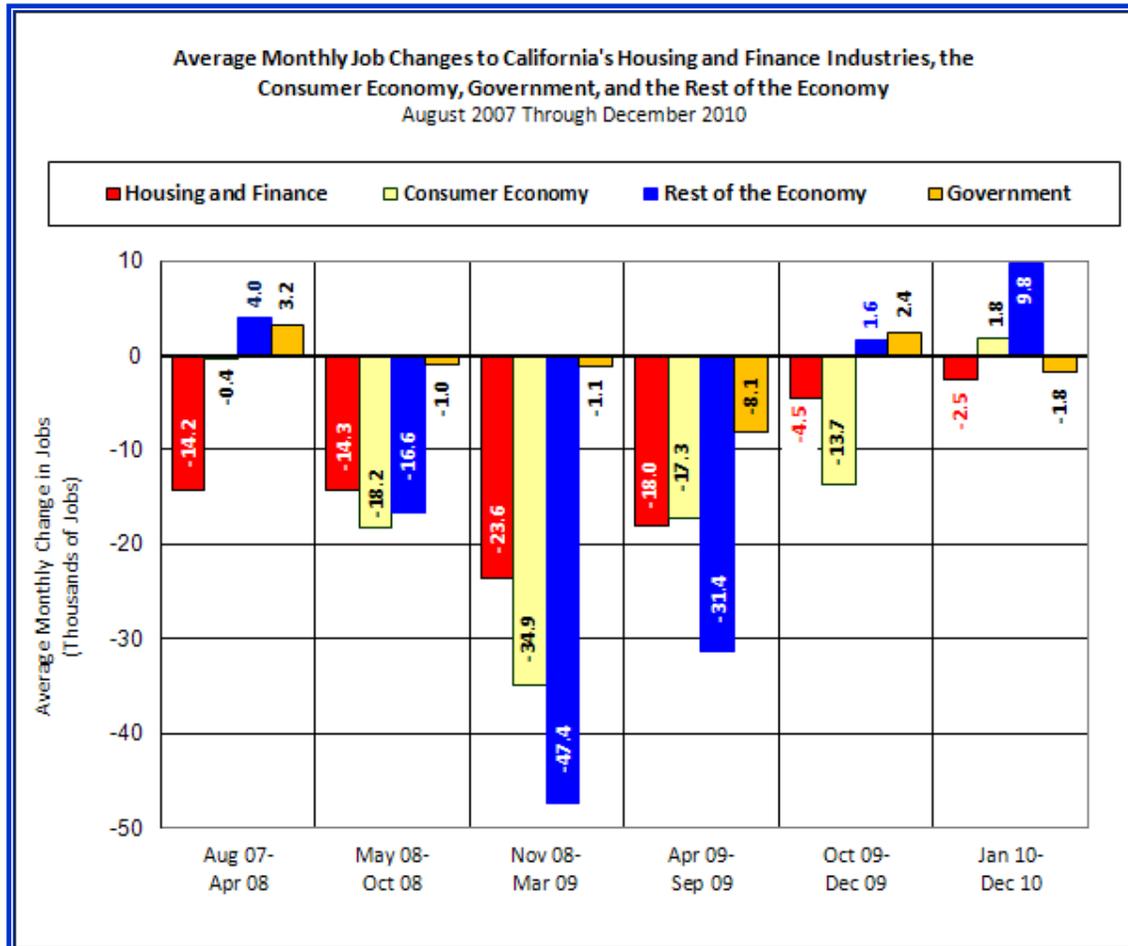


CALIFORNIA NONFARM PAYROLLS OVER THE COURSE OF THE BUSINESS CYCLE



INDUSTRY SECTOR GROWTH IN CALIFORNIA

Housing and Finance = construction + financial activities; **Consumer Economy** = trade, transportation, and utilities + leisure and hospitality; **Government**; **Rest of the Private Economy** = professional and business services, educational and health services, manufacturing, information, other services, and mining and logging,



YEAR-OVER INDUSTRY JOB GROWTH IN DECEMBER 2010 COMPARED TO DECEMBER 2009 (THOUSANDS OF JOBS)

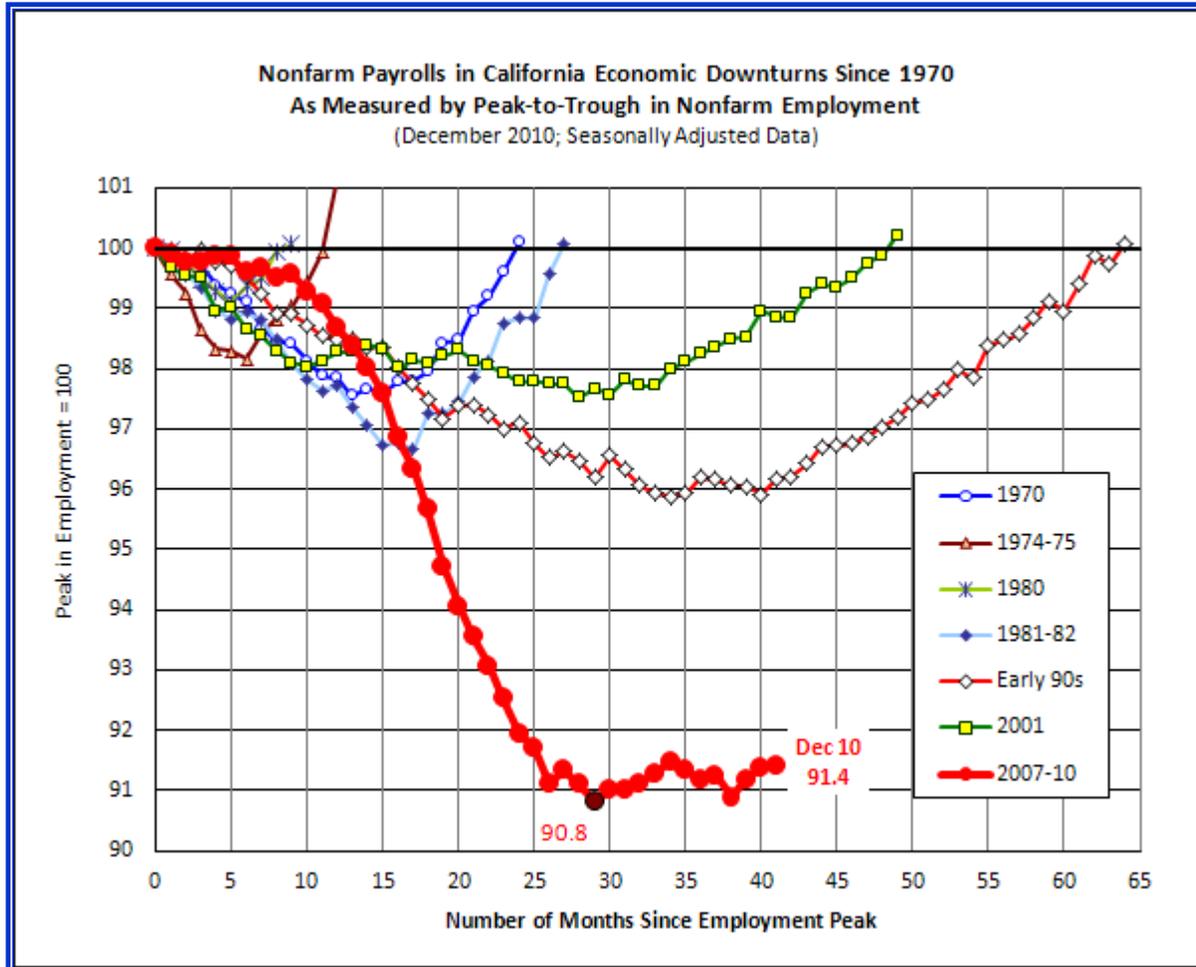
Year-over Change in Jobs, Dec. 2009		Year-over Change in Jobs, Dec. 2010		Difference: Dec. 2010 Vs. Dec 2009	
Total Nonfarm	-836.0	Total Nonfarm	87.5	Total Nonfarm	923.5
Educ. and Health Services	3.4	Prof. and Business Svcs.	66.9	Prof. and Business Svcs.	214.9
Mining and Logging	-4.5	Educ. and Health Services	30.7	Trade, Transp., and Utilities	165.9
Information	-22.0	Leisure and Hospitality	26.7	Manufacturing	159.1
Other Services	-32.8	Manufacturing	12.9	Construction	125.9
Government	-41.6	Other Services	5.0	Leisure and Hospitality	97.0
Financial Activities	-44.7	Financial Activities	3.0	Financial Activities	47.7
Leisure and Hospitality	-70.3	Information	1.5	Other Services	37.8
Manufacturing	-146.2	Mining and Logging	0.0	Educ. and Health Services	27.3
Prof. and Business Svcs.	-148.0	Trade, Transp., and Utilities	-4.6	Information	23.5
Construction	-158.8	Government	-21.7	Government	19.9
Trade, Transp., and Utilities	-170.5	Construction	-32.9	Mining and Logging	4.5

RETAIL TRADE HIRING DURING THE 2010 HOLIDAYS

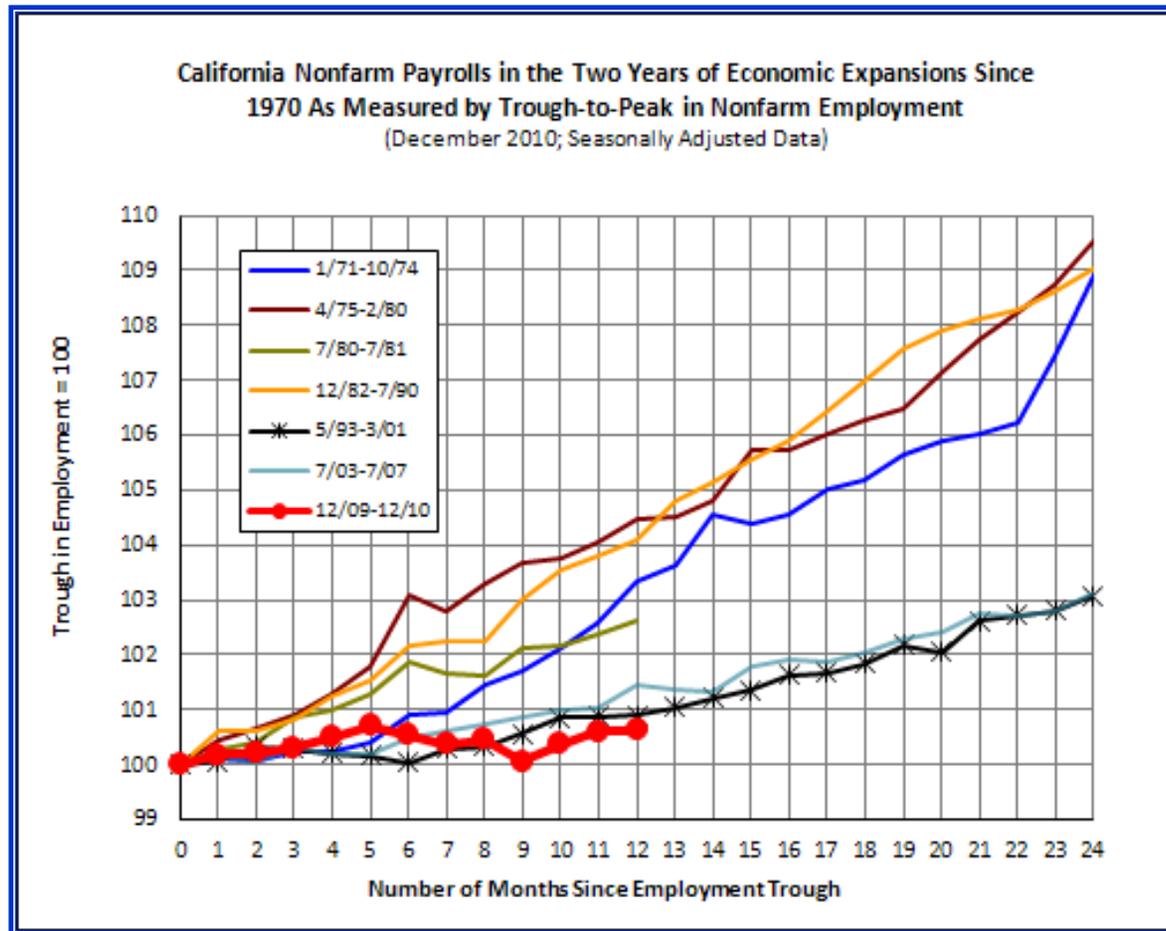
Despite reports of comparatively strong retail sales during the 2010 holidays, the seasonally adjusted jobs data show that California lost 8,200 retail trade jobs during the months of October through December. However, the unadjusted data tell a different story.



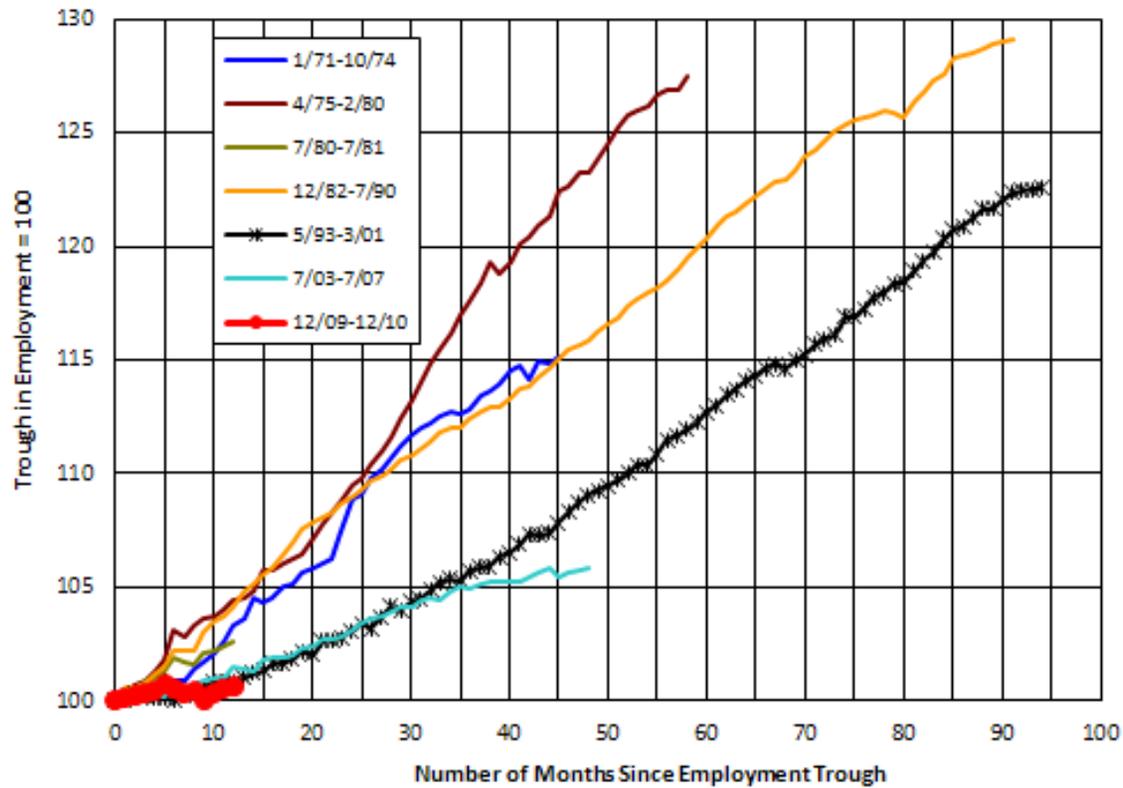
NONFARM EMPLOYMENT IN THE CURRENT AND PAST BUSINESS CYCLES COMPARED: CALIFORNIA



NONFARM EMPLOYMENT IN THE FIRST TWO YEARS OF RECENT CALIFORNIA EXPANSIONS



Nonfarm Payrolls in California Economic Expansions Since 1970
As Measured by Trough-to-Peak in Nonfarm Employment
(December 2010; Seasonally Adjusted Data)



In December 2010, California total nonfarm employment remained 1,305,500 jobs below its pre-recession July 2007 peak.

BASED ON THE CURRENT RECOVERY-TO-DATE:

California's year-over nonfarm job gains totaled 87,500 jobs in December 2010, for an average gain of 7,300 jobs per month.

➤ If this rate of job growth were to continue, it would take 179 months, or about 15 years, to return to the pre-recession peak.

In December 2010, California total nonfarm employment remained 1,305,500 jobs below its pre-recession July 2007 peak.

BASED ON THE JULY 2003 – JULY 2007 EXPANSION:

California's gained 844,000 jobs from July 2003 through July 2007, for an average gain of 17,600 jobs per month.

➤ If job growth in the current recovery could match this pace, it would take 74 months, or 6.2 years, to return to the pre-recession peak.

Year-over job growth during the recovery peaked at 328,000 jobs in September 2005, for an average gain of 27,300 jobs per month.

➤ If job growth in the current recovery could match this pace, it would take about 48 months, or 4 years, to return to the pre-recession peak.

In December 2010, California total nonfarm employment remained 1,305,500 jobs below its pre-recession July 2007 peak.

BASED ON THE MAY 1993 – MARCH 2001 EXPANSION:

California's gained 2,710,900 jobs from May 1993 through March 2001, for an average gain of 28,800 jobs per month.

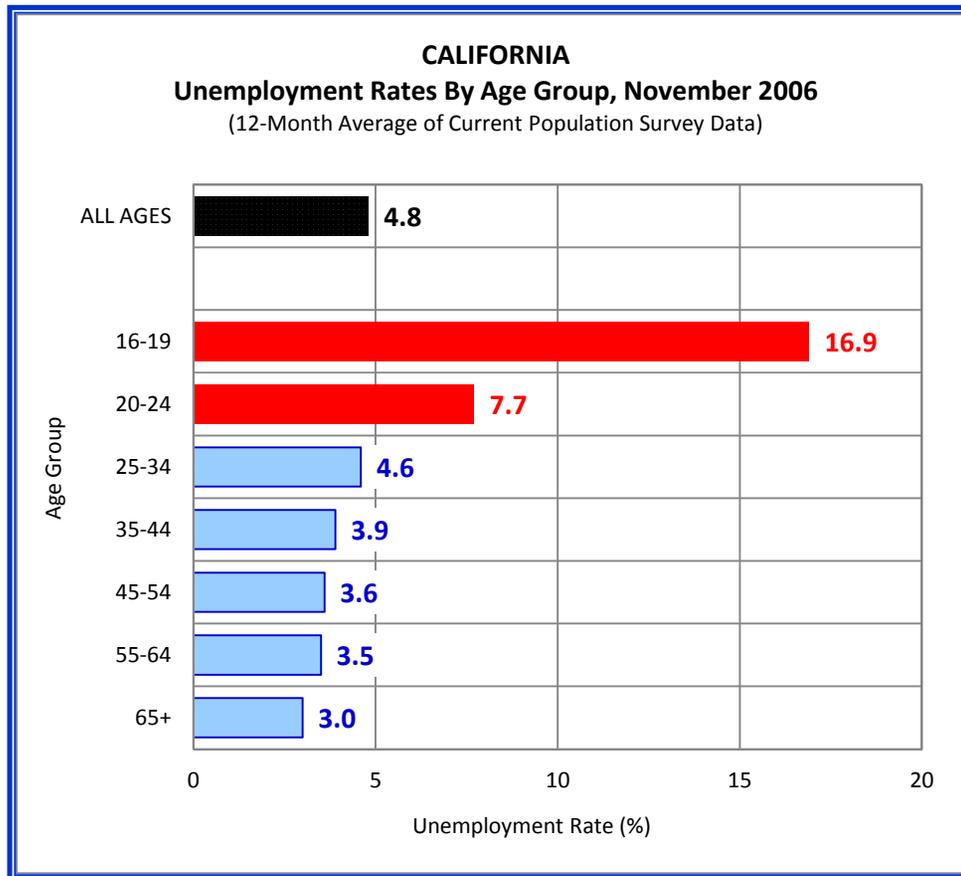
➤ If job growth in the current recovery could match this pace, it would take 45 months, or 3.8 years, to return to the pre-recession peak.

Year-over job growth during the recovery peaked at 553,500 jobs in June 2000, for an average gain of 46,100 jobs per month.

➤ If job growth in the current recovery could match this pace, it would take 28 months, or 2.4 years, to return to the pre-recession peak.

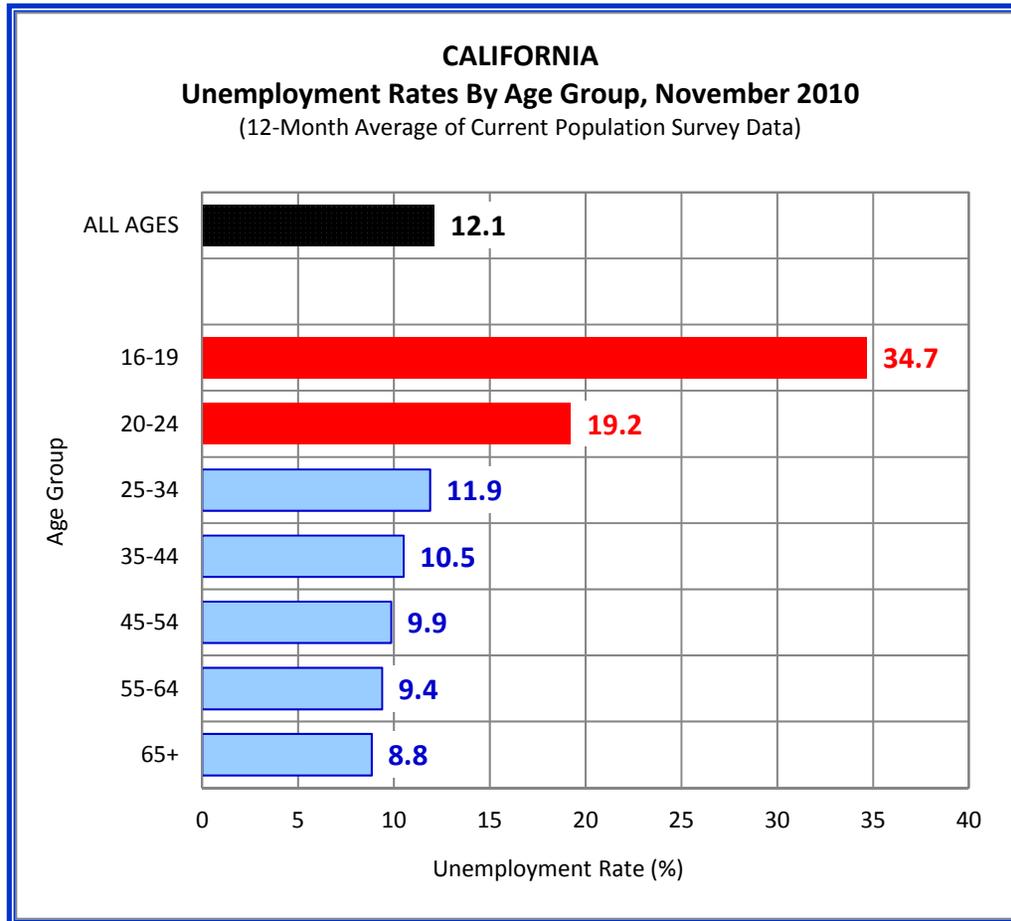
LABOR MARKET CONDITIONS FOR YOUTHS IN CALIFORNIA: UNEMPLOYMENT

Before the Recession:



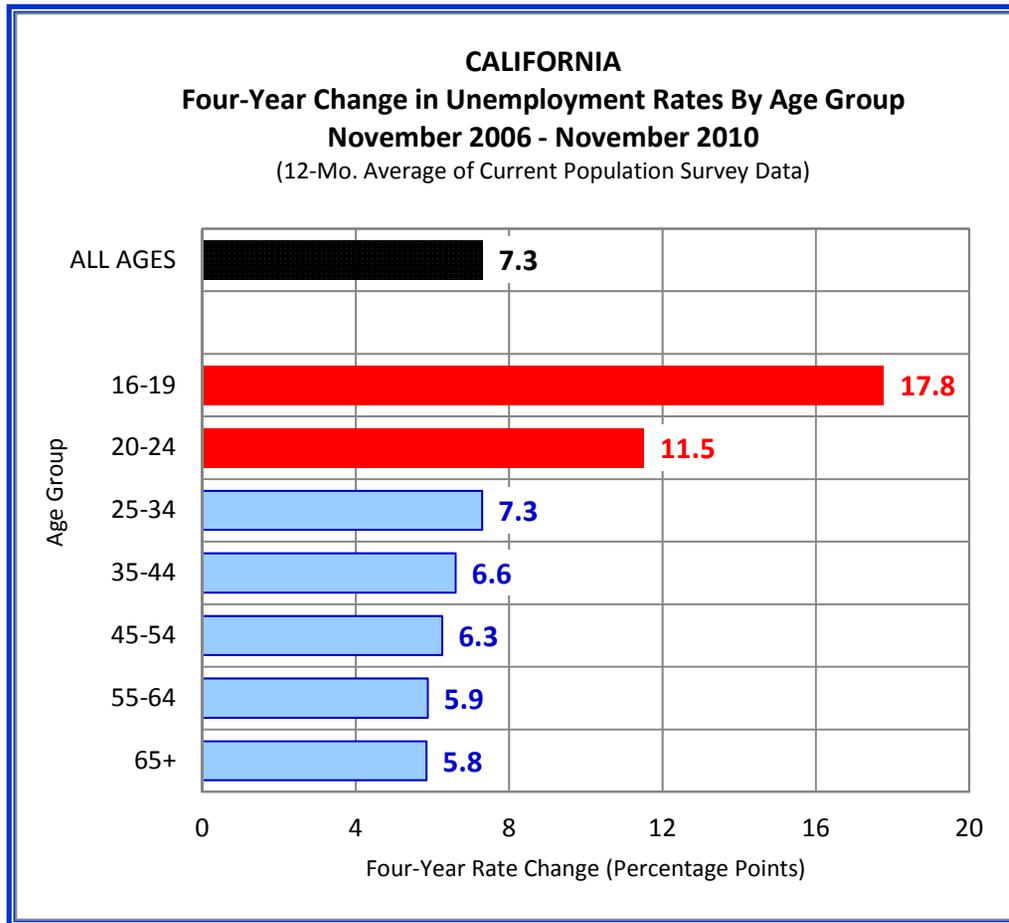
UNEMPLOYMENT RATES BY AGE , NOVEMBER 2010

(12-month average of Current Population Survey of Households data)



FOUR-YEAR CHANGE IN UNEMPLOYMENT RATES BY AGE NOVEMBER 2006 - NOVEMBER 2010

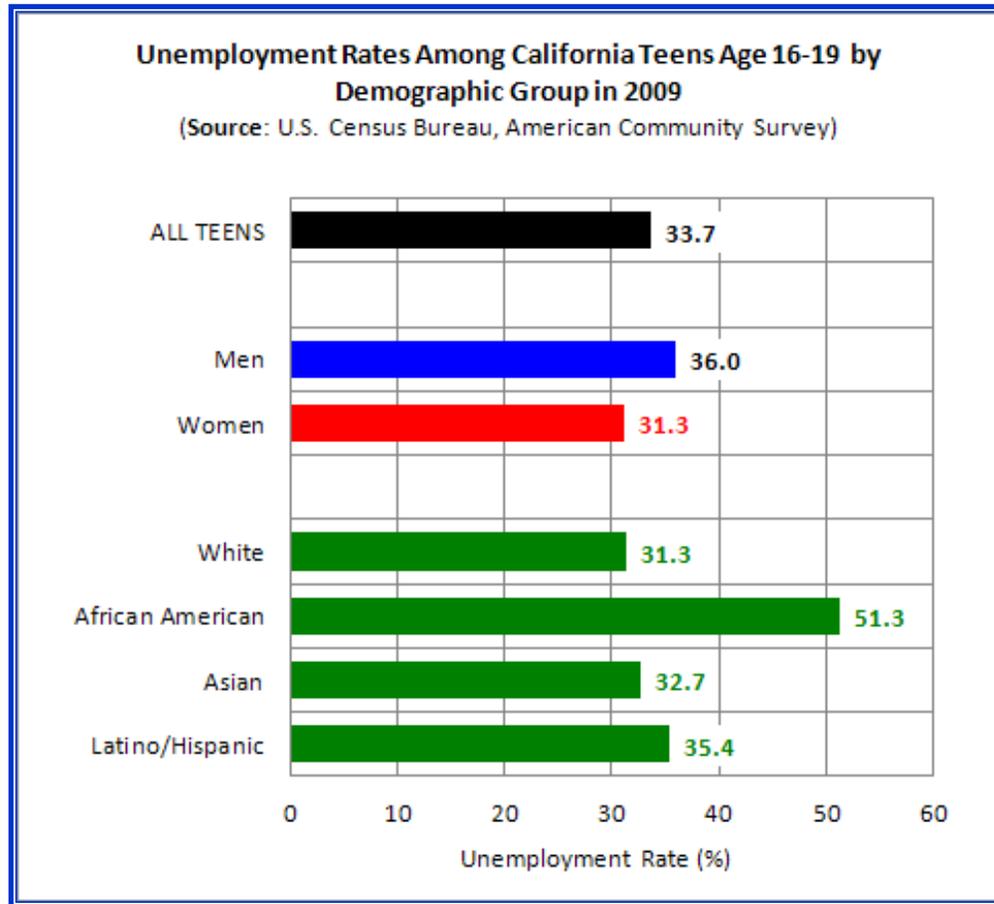
(12-month average of Current Population Survey of Households data)



UNEMPLOYMENT RATES AMONG CALIFORNIA TEENS AGE 16 – 19

BY DEMOGRAPHIC GROUP, IN 2009

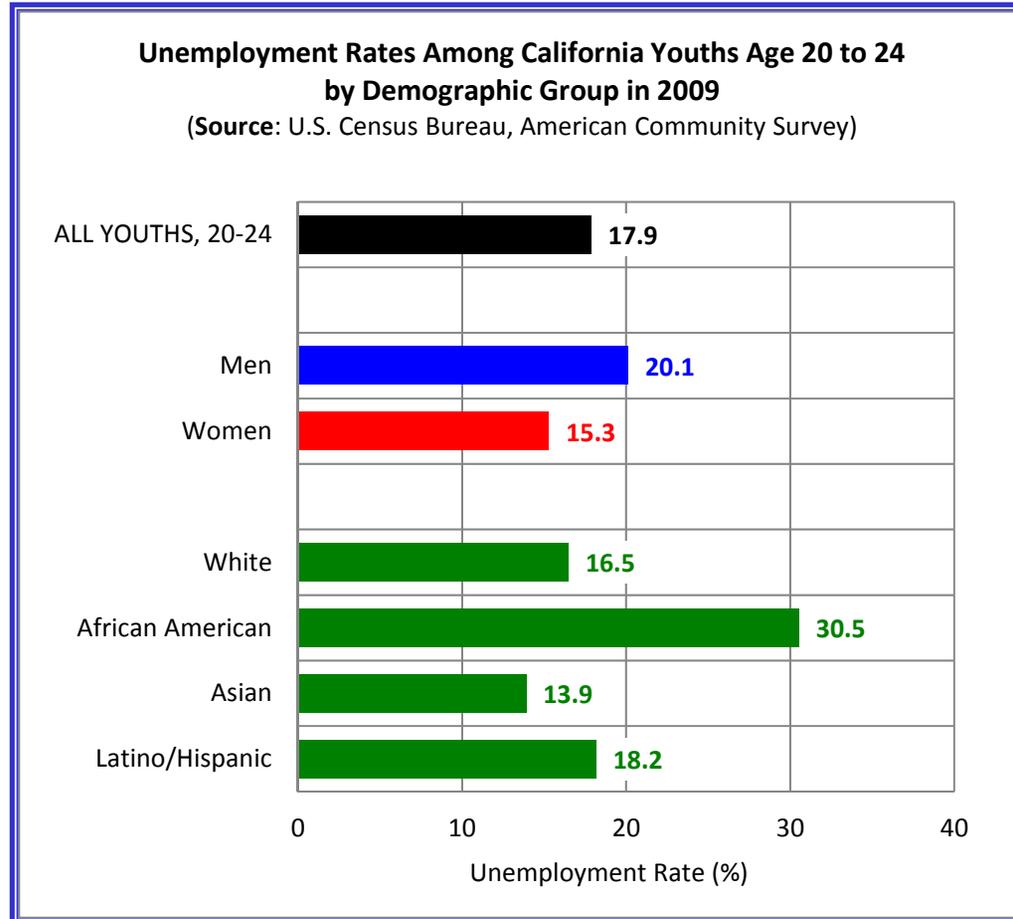
(U.S. Census Bureau, American Community Survey)



UNEMPLOYMENT RATES AMONG CALIFORNIA YOUTHS AGES 20 TO 24

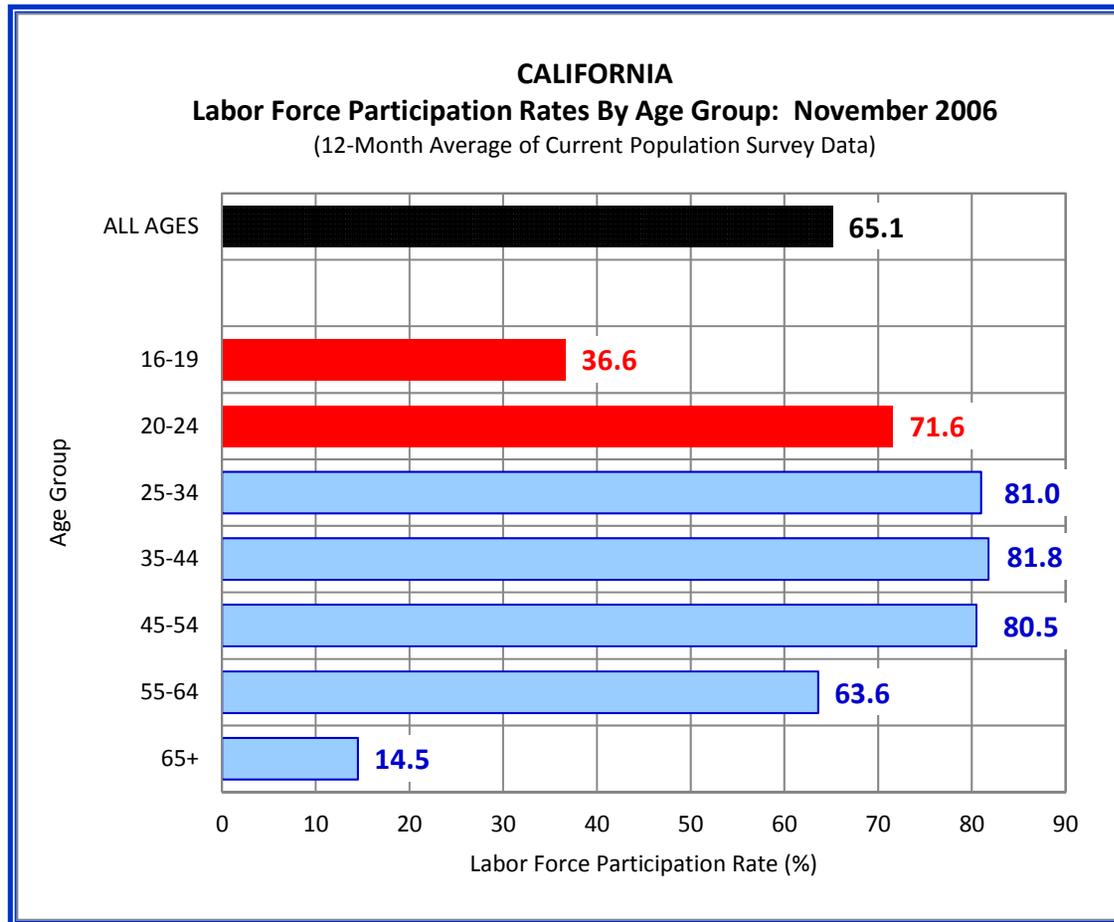
BY DEMOGRAPHIC GROUP, 2009

(U.S. Census Bureau, American Community Survey)



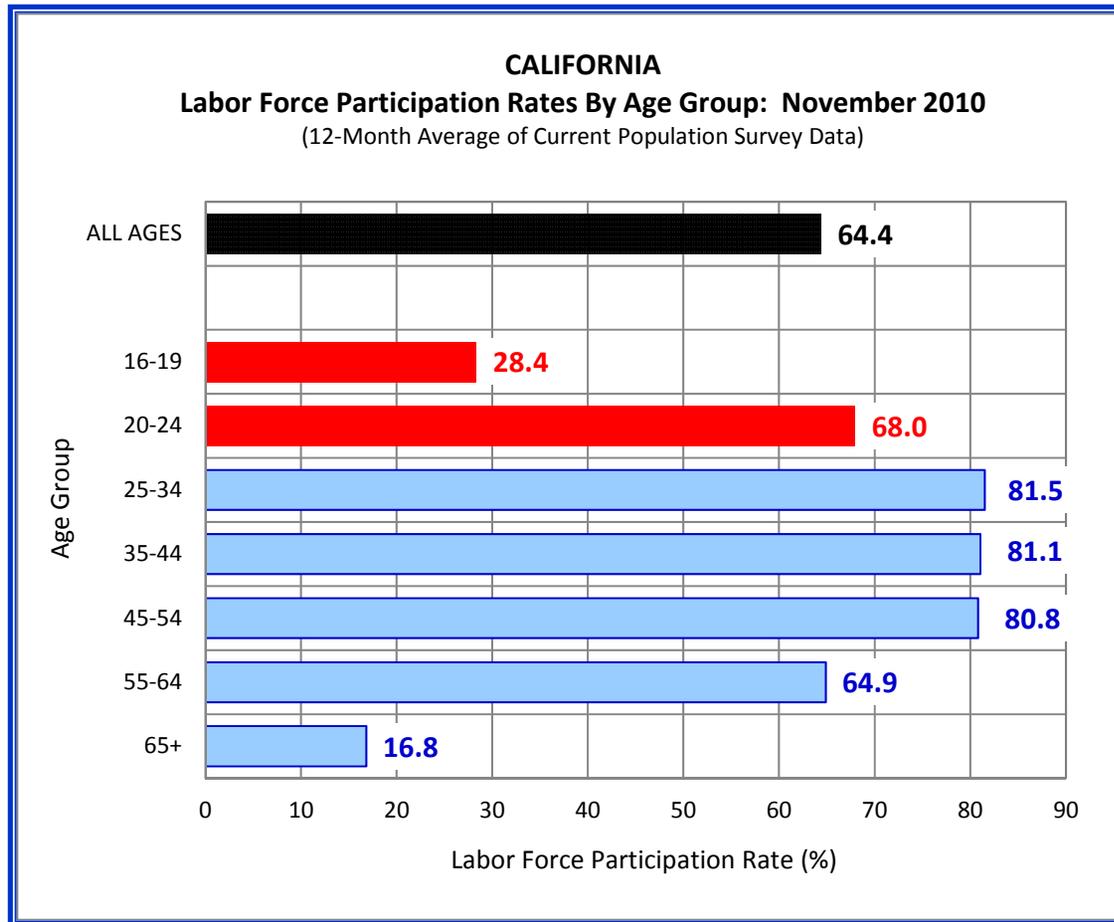
LABOR FORCE PARTICIPATION RATES BY AGE , NOVEMBER 2006

(12-month average of Current Population Survey of Households data)

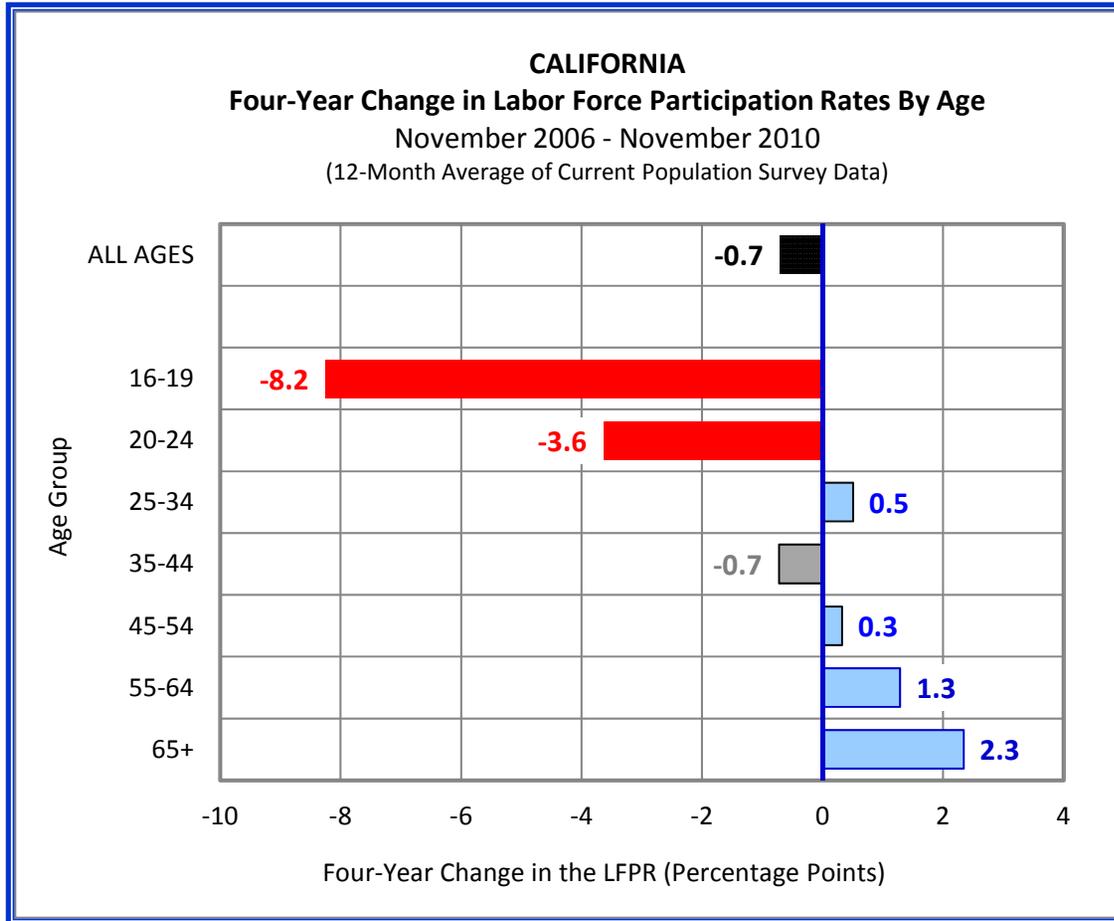


LABOR FORCE PARTICIPATION RATES BY AGE , NOVEMBER 2010

(12-month average of Current Population Survey of Households data)

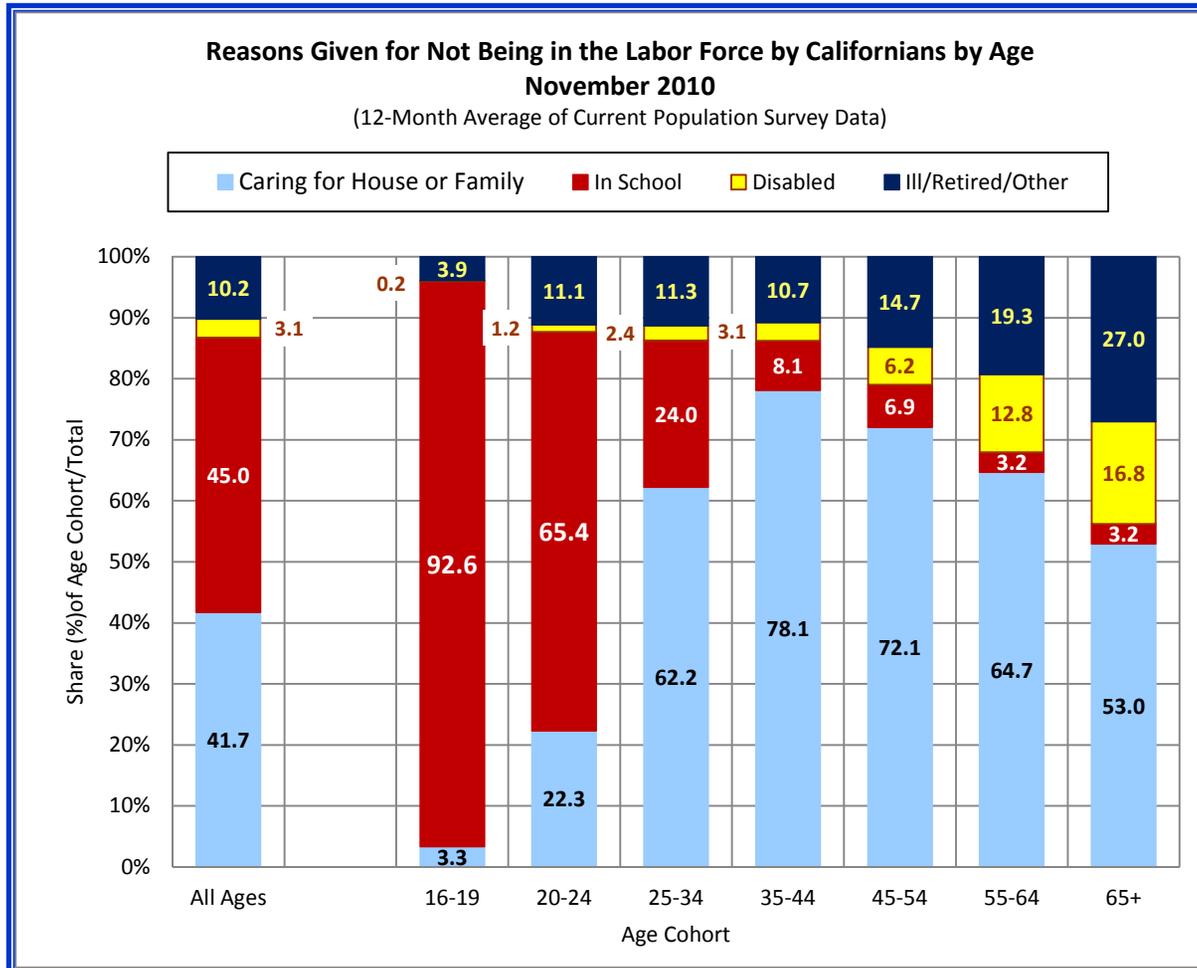


FOUR-YEAR CHANGE IN LABOR FORCE PARTICIPATION RATES BY AGE: NOVEMBER 2006 - NOVEMBER 2010



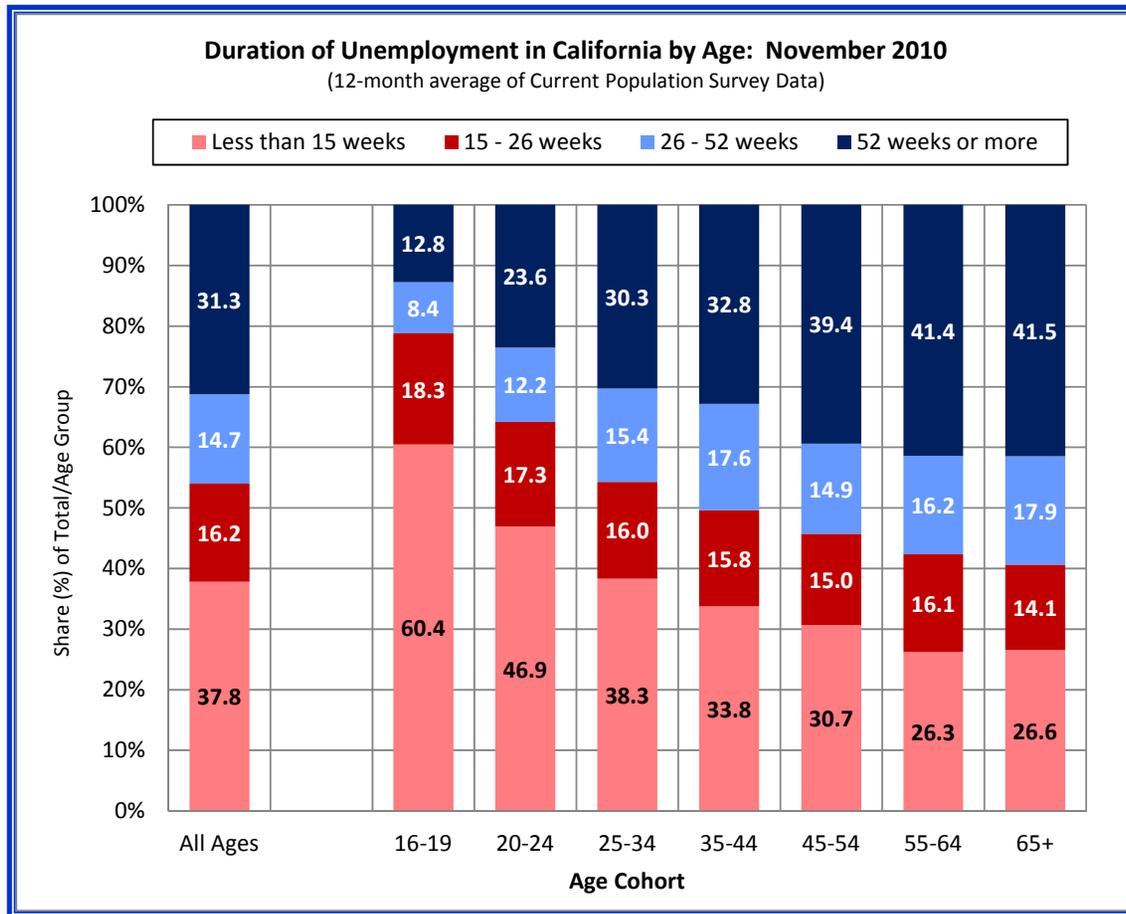
REASONS FOR NOT BEING IN THE LABOR FORCE BY AGE, NOVEMBER 2010

Whereas attending school was the primary reason given by California youths for not participating in the labor force, family considerations prevailed among older age groups.



DURATION OF UNEMPLOYMENT, NOVEMBER 2010

Long-term unemployment disproportionately affects older California workers. Three-fifths of teens (ages 16-19) and about half of youths (ages 20-24) were unemployed for less than 15 weeks. In contrast, about three-fifths of unemployed workers age 55 and over were unemployed half a year or more and two-fifths of unemployed workers age 45 and older were unemployed for a year or more.



WORKING YOUTHS IN CALIFORNIA IN 2009

INDUSTRY EMPLOYMENT

In 2009, roughly half of all working teens (ages 16-19) were employed in just two industry subsectors: accommodation and food services, and retail trade. These same subsectors employed over one-third of working youths. (ages 20-24)

Industry Sectors That Employed the Largest Shares of California Youths in 2009

(Source: U.S. Census Bureau, American Community Survey)

TEENS, Ages 16-19		YOUTHS, Ages 20-24	
<u>Industry Subsector</u>	<u>Percent (%) of Working Teens</u>	<u>Industry Subsector</u>	<u>Percent (%) of Working Youths</u>
Accommodation and Food Services	25.5	Retail Trade	20.7
Retail Trade	23.5	Accommodation and Food Services	14.4
Arts, Entertainment, Recreation	7.9	Health Care and Social Assistance	8.0
Educational Services	7.5	Educational Services	7.2
Other Services	5.2	Administrative Services and Waste	5.3
Health Care and Social Assistance	5.0	Construction	5.1
Administrative Services and Waste	3.7	Other Services	4.9
Construction	2.9	Professional, Technical, and Scientific Svcs.	4.3
Professional, Technical, and Scientific Svcs.	2.5	Arts, Entertainment, Recreation	4.1
Information	2.2	Durable Goods Manufacturing	3.3

OCCUPATIONS

In 2009, nearly three-fifths of working teens (ages 16-19) and nearly half of working youths (ages 20-24) were employed in just three occupational groups: sales and related occupations, food preparation and serving related occupations, and office and administrative support occupations.

Occupational Groups That Employed the Largest Shares of Working California Youths in 2009

(Source: U.S. Census Bureau, American Community Survey)

TEENS, Ages 16-19

YOUTHS, Ages 20-24

<u>Occupational Group</u>	<u>Percent (%) of Working Teens</u>	<u>Occupational Group</u>	<u>Percent (%) of Working Youths</u>
Sales and related	24.0	Office and administrative support	18.1
Food preparation and serving related	18.5	Sales and related	17.9
Office and administrative support	16.1	Food preparation and serving related	11.2
Personal care and service	7.3	Transportation and material moving	6.8
Transportation and material moving	6.7	Personal care and service	5.3
Building/grounds cleaning and maintenance	4.5	Construction and extraction	4.9
Education, training, and library	3.7	Education, training, and library	4.4
Arts, design, entertainment, sports, media	2.8	Production	4.0
Protective service	2.7	Building/grounds cleaning and maintenance	3.7
Production	2.7	Installation, maintenance, and repair	2.8

FREQUENCY OF WORK

According to a 12-month average of CPS data, nearly four-fifths (78.5 percent) of all California workers worked full time hours in November 2010. However, only about one-quarter (26.4 percent) of working teens and three-fifths (58.2 percent) of working youths worked full-time.

